

# **SWARTLAND MUNICIPALITY**

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# **SWARTLAND MUNICIPALITY**

## **GENERAL INFORMATION**

EXECUTIVE MAYOR	Councillor A W Bredell
DEPUTY MAYOR	Councillor C McKrieling
SPEAKER	Councillor A Johnson

### ***MEMBERS OF THE EXECUTIVE MAYORAL COMMITTEE:***

Chairperson	Councillor A W Bredell
Member	Councillor C McKrieling
Member	Councillor T van Essen
Member	Councillor J L Griebenaauw
Member	Councillor M S I Goliath

### ***CHAIRPERSONS OF THE PORTFOLIO COMMITTEES :***

Administration and Finance Portfolio	Councillor N J A Rust
Community Safety Portfolio	Councillor W Wilskut
Community Services Portfolio	Councillor D C Slade
Technical Services Portfolio	Councillor J Loxton

### ***MEMBERS OF THE FINANCIAL AUDIT COMMITTEE:***

Chairperson	Mr C B de Jager
Member	Ms M F Allie
Member	Mr J M Becker
Member	Mr J J Scholtz

### ***MEMBERS OF THE PERFORMANCE AUDIT COMMITTEE:***

Chairperson	Mr C B de Jager
Member	Ms M F Allie
Member	Mr J M Becker
Member	Mr A J B Dippenaar

### ***GRADING OF THE LOCAL AUTHORITY:***

Grade 3

### ***AUDITORS:***

Office of the Auditor-General			
1 <sup>st</sup> Floor East Block			
Business Connexion Building			
Ring Road	Private Bag X 1		
<b>Century City</b>	<b>Chempet</b>	Telephone	021-528 4100
<b>7441</b>	<b>7442</b>	Fax	021-528 4201

### ***BANKERS:***

ABSA Bank			
50 Voortrekker Road	P.O. Box 75		
<b>MALMESBURY</b>	<b>MALMESBURY</b>	Telephone	022-482 7900
<b>7300</b>	<b>7299</b>	Fax	022-487 1219

### ***REGISTERED OFFICE:***

Church Street	Private Bag X 52		
<b>MALMESBURY</b>	<b>MALMESBURY</b>	Telephone	022-487 9400
<b>7300</b>	<b>7299</b>	Fax	022-487 9440

### ***MUNICIPAL MANAGER:***

J J Scholtz

### ***DIRECTOR: FINANCIAL SERVICES:***

K C Cooper

### ***COUNCIL MEMBERS OF THE SWARTLAND MUNICIPALITY***

<i>Councillor</i>	<i>Councillor</i>	<i>Councillor</i>	<i>Councillor</i>
Bredell A W	Goliath M S I	Rust N J A	Solomons C W
Cleophas J H	Griebenaauw J L	Schoor E	Stanley D L
Fortuin C	Johnson A	Sedeman A C	Stemele O M
Gali N L	Loxton J	Slade D C	Van Essen T
Geel B W	McKrieling C	Sneewe A M	Wilskut W

**SWARTLAND MUNICIPALITY****ANNUAL FINANCIAL STATEMENTS****for the year ended****30 June 2009*****APPROVAL OF FINANCIAL STATEMENTS***

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 84 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 30 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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***J J Scholtz***  
***Municipal Manager***

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***31 August 2009***  
***Date***

**SWARTLAND MUNICIPALITY****STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009**

	Note	2009 R	2008 Restated R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net assets</b>		<b>435,578,503</b>	<b>389,076,925</b>
Housing Development Fund	2	2,828,029	2,168,776
Accumulated Surplus	3	432,750,474	386,908,149
<b>Non-current liabilities</b>		<b>91,599,038</b>	<b>45,671,107</b>
Long-term liabilities	4	67,361,960	24,037,331
Provision for post- retirement medical aid benefits	5	21,134,252	19,150,406
Other non-current provisions	6	3,102,826	2,483,370
<b>Current liabilities</b>		<b>56,549,322</b>	<b>50,887,271</b>
Consumer deposits	7	4,897,668	4,551,628
Provisions	8	1,400,370	1,132,474
Creditors	9	35,396,214	33,163,139
Unspent conditional grants and receipts	10	11,534,086	9,082,730
Operating lease liability	13	-	38,466
Current portion of long-term liabilities	4	3,320,984	2,918,834
<b>Total Net Assets and Liabilities</b>		<b>583,726,863</b>	<b>485,635,303</b>
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>351,079,684</b>	<b>317,883,952</b>
Property, plant and equipment	14	325,685,117	292,973,045
Intangible Assets	15	114,155	37,279
Investment property	16	24,645,091	23,801,779
Long-term receivables	17	276,327	333,550
Finance lease receivables	18	358,994	738,299
<b>Current assets</b>		<b>232,647,179</b>	<b>167,751,351</b>
Inventory	19	4,112,913	7,588,487
Consumer debtors	20	25,013,873	19,784,298
Other debtors	21	2,584,176	4,707,731
VAT	22	3,031,112	1,068,340
Operating lease asset	13	8,104	10,900
Current portion of long-term receivables	17	56,891	65,017
Current portion of finance lease receivables	18	74,069	162,672
Bank balances and cash	39	197,766,041	134,363,906
<b>Total Assets</b>		<b>583,726,863</b>	<b>485,635,303</b>

**SWARTLAND MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009 R	2008 Restated R
<b>REVENUE</b>			
Property rates	23	48,024,811	43,190,952
Service charges	24	130,482,552	109,692,425
Rental of facilities and equipment	26	1,963,920	1,655,012
Interest earned - cash deposits	25	18,327,478	12,868,396
Interest earned - outstanding debtors	25	1,411,807	1,251,315
Fines		3,653,893	4,328,514
Licences and permits		2,602,940	2,672,475
Income for agency services		2,356,737	2,347,840
Conditional Government grants and subsidies	27	29,595,415	15,288,808
Unconditional Government and other grants		14,676,000	14,844,952
Other revenue	28	8,736,014	11,860,587
Sale of Land Inventories		15,834,497	44,350,738
<i>Revenue on sale of land</i>		18,391,720	45,036,616
<i>Cost of land sold</i>		2,557,223	685,878
<b>Total Revenue</b>		<b>277,666,064</b>	<b>264,352,014</b>
<b>EXPENDITURE</b>			
Employee related costs	29	75,075,058	64,247,657
Remuneration of Councillors	30	4,893,100	4,441,245
Impairment loss	20/21	999,258	1,540,636
Depreciation and Amortisation	31	18,604,766	15,554,160
Repairs and maintenance		13,710,041	10,175,504
Interest paid	32	5,351,452	3,671,458
Bulk purchases	33	59,784,449	45,780,843
Contracted services		2,798,307	2,055,778
Grants and subsidies paid	34	1,210,338	1,184,541
General expenses	36	49,835,206	43,819,474
Loss on disposal of property, plant and equipment		23,448	-
<b>Total Expenditure</b>		<b>232,285,423</b>	<b>192,471,296</b>
<b>OPERATING SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>45,380,641</b>	<b>71,880,718</b>
<i>Other income:</i>			
Gains on disposal of property, plant and equipment		58,883	62,165
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>45,439,524</b>	<b>71,942,883</b>
Refer to Appendix E (1) for explanation of variances			

**SWARTLAND MUNICIPALITY****STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	<b>Housing Development Fund R</b>	<b>Accumulated Surplus/ (Deficit) R</b>	<b>Total R</b>
Balance at 1 July 2007	-	261,230,727	261,230,727
Correction of error and changes in accounting policy (Note 37)	3,699,736	52,203,579	55,903,315
<b>Restated balance</b>	<b>3,699,736</b>	<b>313,434,306</b>	<b>317,134,042</b>
Restated Surplus for the year	-	71,942,883	71,942,883
Transfer from Housing Development Fund	(1,530,960)	1,530,960	-
<b>Balance at 30 June 2008</b>	<b>2,168,776</b>	<b>386,908,149</b>	<b>389,076,925</b>
Surplus for the year	-	45,439,524	45,439,524
Other movement (refer notes 15 and 16)	-	1,062,054	1,062,054
Transfer from Housing Development Fund	659,253	(659,253)	-
<b>Balance at 30 June 2009</b>	<b>2,828,029</b>	<b>432,750,474</b>	<b>435,578,503</b>

**SWARTLAND MUNICIPALITY****CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009**

	<b>Note</b>	<b>2009</b>	<b>2008</b>
		<b>R</b>	<b>Restated R</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		259,483,848	254,457,409
Cash paid to suppliers and employees		(201,747,800)	(167,948,058)
<b>Cash generated from operations</b>	<b>38</b>	<b>57,736,048</b>	<b>86,509,351</b>
Interest received		18,327,478	12,868,396
Interest paid		(5,351,452)	(3,671,458)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>70,712,074</b>	<b>95,706,289</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	<b>14</b>	(51,622,314)	(62,140,653)
Purchase of intangible assets	<b>15</b>	(73,793)	(18,550)
Purchase of investment properties	<b>16</b>	-	-
Proceeds on disposal of property, plant and equipment		126,132	105,867
Decrease in long- term receivables		533,257	1,343,474
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(51,036,718)</b>	<b>(60,709,862)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New loans raised		46,743,311	960,016
Loans repaid		(3,016,532)	(2,523,576)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>43,726,779</b>	<b>(1,563,560)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>63,402,135</b>	<b>33,432,867</b>
		<b>63,402,135</b>	<b>33,432,867</b>
Cash and cash equivalents at the beginning of the year		134,363,906	100,931,039
Cash and cash equivalents at the end of the year	<b>39</b>	197,766,041	134,363,906

## SWARTLAND MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

#### 1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Annual Financial Statements have been prepared in accordance with the Accounting Standards as prescribed by the Minister of Finance in terms of Government Gazette number 31021, Notice Number 516, dated 9 May 2008 and also in terms of the standards and principles contained in Directives 4 and 5 issued by the ASB in March 2009.

The Accounting Framework of the municipality, based on the preceding paragraph is therefore as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the Reporting Date
GRAP 16	Investment property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GAMAP 9	Paragraphs relating to Revenue from Non-Exchange Transactions
GRAP 100	Non-Current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets
IPSAS 20	Related Party Disclosure
IPSAS 21	Impairment of Non Cash-Generating Assets
IFRS 3	Business Combinations
IFRS 7	Financial Instruments: Disclosures
IAS 19	Employee Benefits
IAS 32	Financial Instruments: Presentation
IAS 36	Impairment of Assets
IAS 39	Financial Instruments: Recognition and Measurement
IFRIC 4	Determining whether an arrangement contains a lease

#### 1. 1 CHANGES IN ACCOUNTING POLICY AND COMPARABILITY

Accounting Policies have been consistently applied, except where otherwise indicated below:

For the year ended 30 June 2008 the municipality complied with the three effective GRAP standards, the eight effective GAMAP standards, all relevant GAAP Standards and applied certain of the exemptions set out in Government Gazette 30013, as at that date. For the year ended 30 June 2009 the municipality has adopted the accounting framework as set out in point 1 above. The details of any resulting changes in accounting policy and comparative restatements are set out below.

The municipality changes an accounting policy only if the following instances:

- (a) is required by a Standard of GRAP; or
- (b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flow.

#### 1. 2 CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

##### 1. 2. 1 Revenue Recognition

Accounting Policy 10.2 on *Revenue from Exchange Transactions* and Accounting Policy 10.3 on *Revenue from Non-exchange Transactions* describes the conditions under which revenue will be recorded by the management of the municipality.



## **SWARTLAND MUNICIPALITY**

### **ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2009**

#### **1. BASIS OF PRESENTATION (continued)**

##### **1. 2 CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS (continued)**

##### **1. 2. 1 Revenue Recognition (continued)**

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: *Revenue from Exchange Transactions* and GAMAP 9: Revenue, as far as Revenue from Non-Exchange Transactions is concerned (see Basis of Preparation above). In particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

##### **1. 2. 2 Financial assets and liabilities**

The classification of financial assets and liabilities, into categories, is based on judgement by management. Accounting Policy 6.1 on *Financial Assets Classification* and Accounting Policy 6.2 on *Financial Liabilities Classification* describe the factors and criteria considered by the management of the municipality in the classification of financial assets and liabilities.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in IAS 32: *Financial Instruments - Presentation* and IAS 39: *Financial Instruments - Recognition and Measurement*.

##### **1. 2. 3 Impairment of Financial Assets**

Accounting Policy 6.4 on *Impairment of Financial Assets* describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in IAS 39: *Financial Instruments - Recognition and Measurement*. The management of the municipality is satisfied that the impairment of financial assets recorded during the year is appropriate.

##### **1. 2. 4 Useful lives of Property, Plant and Equipment**

As described in Accounting Policies 3.3, 4 and 5 the municipality depreciates/ amortises its property, plant and equipment, investment property and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives and residual values of the assets are based on industry knowledge.

##### **1. 2. 5 Impairment: Write down of Property, Plant and Equipment and Inventories**

Accounting Policy 3.9 on *PPE - Impairment of assets* and Accounting Policy 4.2 on *Intangible assets - Subsequent Measurement, Amortisation and Impairment* and Accounting Policy 8.2 on *Inventory - Subsequent measurement* describes the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to PPE impairment testing, Intangible assets impairment testing and write down of Inventories to Net Realisable Values (NRV).

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 17: *Property, Plant and Equipment*, GRAP 12: *Inventory* and GRAP 102: *Intangible assets*. In particular, the calculation of the recoverable service amount for PPE and intangible assets and the NRV for inventories involves significant judgment by management.

##### **1. 2. 6 Defined Benefit Plan Liabilities**

As described in Accounting Policy 13, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of IAS 19. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Notes 5 and 6 to the Annual Financial Statements.

#### **1. 3 PRESENTATION CURRENCY**

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand, which is the municipality's functional currency.

#### **1. 4 GOING CONCERN ASSUMPTION**

The Annual Financial Statements have been prepared on a going concern basis.

**SWARTLAND MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**1. BASIS OF PRESENTATION (continued)**

**1. 5 OFFSETTING**

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

**1. 6 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18 Segment Reporting - issued March 2005  
 GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008  
 GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007  
 GRAP 103 Heritage Assets - issued July 2008

Application of all of the above GRAP standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

IAS 39 Financial Instruments: Recognition and Measurement - amended version effective 1 January 2009  
 IFRS 7 Financial Instruments: Disclosures - amended version effective March 2009

Management has considered all of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

**2. HOUSING DEVELOPMENT FUND**

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund.

In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

**3. PROPERTY, PLANT AND EQUIPMENT**

**3. 1 Initial Recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

**SWARTLAND MUNICIPALITY**

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**3. PROPERTY, PLANT AND EQUIPMENT (continued)**

**3. 1 Initial Recognition (Continued)**

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

**3. 2 Subsequent Measurement**

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property plant and equipment, including for Infrastructure Assets, are measured at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

**3. 3 Depreciation**

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation rates are based on the following estimated useful lives.

Depreciation only commences when the asset is available for use, unless stated otherwise.

	<b>Years</b>		<b>Years</b>
<b><i>Infrastructure</i></b>		<b><i>Buildings</i></b>	<b><i>30 - 100</i></b>
Roads and Paving	45 - 50		
Electricity	45 - 50	<b><i>Other</i></b>	
Water	15 - 100	Specialist Vehicles	5 - 20
Sewerage	15 - 100	Other Vehicles	5 - 10
Landfill Sites	10 - 65	Office Equipment	3 - 7
		Furniture and Fittings	7 - 10
<b><i>Community</i></b>		Watercraft	15
Recreational Facilities	15 - 60	Bins and Containers	5
Security	5	Specialised Plant and Equipment	10 - 15
		Other items of Plant and Equipment	2 - 5

The assets' residual values, estimated useful lives and depreciation method are reviewed annually, and adjusted prospectively if appropriate, at each reporting date.

**3. 4 Incomplete Construction Work**

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

**3. 5 Finance Leases**

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

**3. 6 Heritage Assets**

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to uncertainty regarding their estimated useful lives.

**SWARTLAND MUNICIPALITY**

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**3. PROPERTY, PLANT AND EQUIPMENT (continued)**

**3. 7 Infrastructure Assets**

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

**3. 8 Housing Development Fund Assets**

The Housing Development Fund contains letting schemes that is included in Council's Property Plant and Equipment. All surpluses generated from the letting schemes are transferred to the Housing Development Fund.

**3. 9 Derecognition of property, plant and equipment**

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not included in revenue.

Gains or losses are calculated as the difference between the net book value of assets (cost less accumulated depreciation and accumulated impairment losses) and the sales proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

**3. 10 Impairment of assets**

**3. 10. 1 Impairment of Cash generating assets**

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the individual asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

**3. 10. 2 Impairment of Non-Cash generating assets**

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

## **SWARTLAND MUNICIPALITY**

### **ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2009**

#### **3. PROPERTY, PLANT AND EQUIPMENT (continued)**

##### **3. 10. 2 Impairment of Non-Cash generating assets (continued)**

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

#### **3. 11 Transitional Provisions**

The estimated useful lives and the depreciation methods were not reviewed in the previous financial year as required by GAMAP 17 as these requirements were exempted in terms of General Notice 522 of 2007. The estimated useful lives and depreciation methods have been reviewed for the year ended 30 June 2009 (and applied retrospectively where practicable), and any changes therein have been implemented in accordance with the requirements of GRAP 17, GRAP 3 and ASB Directive 4.

The municipality did not perform impairment testing on its cash generating assets in the previous financial year as required by IAS 36, as this requirement has been exempted in terms of General Notice 522 of 2007. The testing for impairment of cash generating assets has been performed for the year ended 30 June 2009 (and retrospectively, where practicable) in accordance with the requirements of IAS 36 and GRAP 3.

The municipality did not perform impairment testing on its non-cash generating assets in the previous financial year as required by IAS 36, as this requirement has been exempted in terms of General Notice 522 of 2007. The testing for impairment of non-cash generating assets has been performed for the year ended 30 June 2009 (and not retrospectively) in accordance with the requirements of IPSAS 21.

#### **4. INTANGIBLE ASSETS**

##### **4. 1 Initial Recognition**

Identifiable non-monetary assets without physical substance which are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as intangible assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years. Development assets are tested for impairment annually, in accordance with IPSAS 21/ IAS 36.

## **SWARTLAND MUNICIPALITY**

### **ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2009**

#### **4. INTANGIBLE ASSETS (continued)**

##### **4. 1 Initial Recognition (continued)**

Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Where an intangible asset is acquired at no cost or for a nominal consideration, its cost is its fair value as at the date it is acquired. Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

##### **4. 2 Subsequent Measurement, Amortisation and Impairment**

Amortisation is charged on a straight-line basis over the intangible assets' useful lives, which are estimated to be between 3 to 5 years. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, for example servitudes obtained by the municipality give the municipality access to land for specific purposes for an unlimited period - however, such intangible assets are subject to an annual impairment test.

Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

##### **4. 3 Derecognition**

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### **5. INVESTMENT PROPERTY**

##### **5. 1 Initial Recognition**

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- A building owned by the entity (or held by the entity under a finance lease) and leased out under one or more operating leases (this will include
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-Current Assets Held for Sale, as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
- Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- Property that is being constructed or developed for future use as investment property;
- Property that is leased to another entity under a finance lease;
- Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and
- Property held for strategic purposes or service delivery.

## SWARTLAND MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

#### 5. INVESTMENT PROPERTY (continued)

##### 5. 2 Subsequent Measurement - Cost Model

Investment property is measured using the cost model. Investment Property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is estimated at 20 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

##### 5. 3 Transitional Provisions

Investment properties were recognised in terms of IAS 40 and subsequently measured in accordance with the cost model, but the fair values were not disclosed in the previous financial year as required by IAS 40 as this requirement was exempted in terms of General Notice 522 of 2007. The fair values of investment properties recognised in terms of GRAP 16 have been disclosed for the financial year ended 30 June 2009 (and retrospectively where practicable) in accordance with the requirements of GRAP 16, GRAP 3 and ASB Directive 4.

#### 6. FINANCIAL INSTRUMENTS

The municipality has various types of financial instruments and these can be broadly categorised as either *Financial Assets* or *Financial Liabilities*. The municipality only recognises a financial instrument when it becomes a party to the contractual provisions of the instrument.

##### 6. 1 Financial Assets - Classification

A financial asset is any asset that is a cash or contractual right to receive cash. The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Investments in Fixed Deposits (Banking Institutions, etc)
- Long-term Receivables
- Consumer Debtors
- Certain Other Debtors (see note 21)
- Short-term Investment Deposits
- Bank Balances and Cash

In accordance with IAS 39.09 the *Financial Assets* of the municipality are classified as follows into the four categories allowed by this standard:

Type of Financial Asset	Classification in terms of IAS 39.09
Short-term Investment Deposits – Call	Held-to-maturity investments
Finance Lease Receivables	Loans and receivables
Long-term Receivables	Loans and receivables
Consumer Debtors	Loans and receivables
Other Debtors	Loans and receivables
Investments in Fixed Deposits	Held-to-maturity investments

*Financial assets at fair value through profit or loss* are financial assets that meet either of the following conditions:

- they are classified as held for trading; or
- upon initial recognition they are designated as at fair value through the Statement of Financial Performance.

*Available for sale investments* are financial assets that are designated as available for sale or are not classified as:

- Loans and Receivables;
- Held-to-Maturity Investments; or

*Loans and Receivables* are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment.

*Held-to-Maturity Investments* are financial assets with fixed or determinable payments and fixed maturity where the municipality has the positive intent and ability to hold the investment to maturity.

## **SWARTLAND MUNICIPALITY**

### **ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2009**

#### **6. FINANCIAL INSTRUMENTS (continued)**

##### **6. 1 Financial Assets - Classification (continued)**

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

##### **6. 2 Financial Liabilities - Classification**

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Long-term Liabilities
- Certain Other Creditors (see note 9)
- Bank Overdraft
- Short-term loans
- Current Portion of Long-term Liabilities
- Consumer Deposits

There are two main categories of *Financial Liabilities*, the classification determining how they are measured. Financial liabilities may be measured at:

- (i) Fair value through profit or loss; or
- (ii) Other financial liabilities.

Financial liabilities that are measured at fair value through profit or loss are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives) and are measured at fair value through profit or loss are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Any other financial liabilities are classified as "Other financial liabilities" and are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

In accordance with IAS 39.09 the *Financial Liabilities* of the municipality are all classified as "Other financial liabilities".

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

##### **6. 3 Initial and Subsequent Measurement**

###### **6. 3. 1 Financial Assets:**

*Held-to-maturity Investments* and *Loans and Receivables* are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with revenue recognised on an effective yield basis.

Available-for-Sale Financial Assets are initially measured at fair value plus directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the statement of financial performance, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the statement of financial performance.

###### **6. 3. 2 Financial Liabilities:**

Financial liabilities are recognised initially at fair value plus, in the case of instruments not at fair value through profit or loss, directly attributable transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

##### **6. 4 Impairment of Financial Assets**

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS 39.



## **SWARTLAND MUNICIPALITY**

### **ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2009**

#### **6. FINANCIAL INSTRUMENTS (continued)**

##### **6. 4 Impairment of Financial Assets (continued)**

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Consumer Debtors are stated at cost less a provision for bad debts. The provision is made in accordance with IAS 39.64 whereby the recoverability of Consumer Debtors is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. Government accounts are not provided for as such accounts are regarded as receivable.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

With the exception of Available-for-Sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of Available-for-Sale equity securities, impairment losses previously recognised through profit or loss are not reversed through the Statement of Financial performance. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

##### **6. 5 Derecognition of Financial Assets**

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

##### **6. 6 Derecognition of Financial Liabilities**

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

#### **7. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES**

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

Risks and exposure are disclosed as follows:

##### **Credit Risk**

- Each class of financial instrument is disclosed separately.
- Maximum exposure to credit risk not covered by collateral is specified.
- Financial instruments covered by collateral are specified.

## **SWARTLAND MUNICIPALITY**

### **ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2009**

#### **7. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES (continued)**

##### **Liquidity Risk**

- A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.
- Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.
- A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in note 47.7 to the annual financial statements.

#### **8. INVENTORIES**

##### **8. 1 Initial Recognition**

Inventories comprise current assets held for sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

##### **8. 2 Subsequent Measurement**

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and current replacement cost.

Water and purified effluent are valued at purified cost insofar as it is stored and controlled in reservoirs at year-end.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

#### **9. NON-CURRENT ASSETS HELD-FOR-SALE**

##### **9. 1 Initial Recognition**

Non-current Assets and Disposal Groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

##### **9. 2 Subsequent Measurement**

Non-current Assets (and Disposal Groups) classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

**SWARTLAND MUNICIPALITY**

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**10. REVENUE RECOGNITION**

**10. 1 General**

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the municipality and these benefits can be measured reliably, except when specifically stated otherwise.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

**10. 2 Revenue from Exchange Transactions**

**10. 2. 1 Service Charges**

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

**10. 2. 2 Pre-paid Electricity**

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale and if payment is made five days before year end it's recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

**10. 2. 3 Finance income**

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

**10. 2. 4 Tariff Charges**

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

**10. 2. 5 Income from Agency Services**

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

## **SWARTLAND MUNICIPALITY**

### **ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2009**

#### **10. REVENUE RECOGNITION (continued)**

##### **10. 2 Revenue from Exchange Transactions (continued)**

##### **10. 2. 6 Sale of Goods (including Houses)**

Revenue from the sale of goods is recognised when all the following conditions have been met:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### **10. 2. 7 Rentals**

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

##### **10. 3 Revenue from Non-exchange Transactions**

##### **10. 3. 1 Rates and Taxes**

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

##### **10. 3. 2 Fines**

Fines constitute both spot fines and summonses for which revenue is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

##### **10. 3. 3 Public contributions**

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Where public contributions have been received and the municipality has not met the condition, a liability is recognised.

##### **10. 3. 4 Other Donations and Contributions**

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.

##### **10. 3. 5 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure**

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

##### **10. 4 Transitional Provisions**

Revenue was initially recognised at cost and not at fair value in the previous financial year, due to the fact that the requirements of GAMAP 9.12 and SAICA circular 09/2006 which states that revenue should be recognised initially at fair value through discounting all future receipts using an imputed rate of return, have been exempted in terms of General Notice 522 of 2007. Revenue is initially recognised at fair value for the year ended 30 June 2009 (and retrospectively, where practicable) by discounting all future receipts using an imputed rate of return in accordance with the requirements of GRAP 9, GRAP 3 and SAICA circular 09/2006.

#### **11. GOVERNMENT GRANTS AND RECEIPTS**

Income received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

## **SWARTLAND MUNICIPALITY**

### **ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2009**

#### **11. GOVERNMENT GRANTS AND RECEIPTS (continued)**

The municipality accounted for government grants and receipts in the previous financial year in accordance with the requirements of IAS 20. In terms of the ASB's Directive 5 of 2009, IAS 20 is however no longer included in the accounting framework for municipalities. A change in accounting policy has therefore occurred and the municipality has accounted for government grants and receipts for the year ended 30 June 2009 (and retrospectively, where practicable) in accordance with the requirements of GAMAP 9.42 - .46 and ASB Directives 3 and 5.

#### **12. PROVISIONS**

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken;
  - when the plan will be implemented; and;
- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

#### **13. EMPLOYEE BENEFITS**

##### **13.1 Short-term Employee Benefits**

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The municipality has opted to treat its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

##### **13.2 Defined Contribution Plans**

A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

## **SWARTLAND MUNICIPALITY**

### **ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2009**

#### **13. EMPLOYEE BENEFITS (continued)**

##### **13. 3 Defined Benefit Plans**

A **defined benefit plan** is a post-employment benefit plan other than a defined contribution plan.

##### **13. 3. 1 Post-retirement Health Care Benefits:**

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

Actuarial gains or losses are accounted for using the “*corridor method*”. Actuarial gains and losses are eligible for recognition in the Statement of Financial Performance to the extent that they exceed 10 per cent of the present value of the gross defined benefit obligations in the scheme at the end of the previous reporting period. Actuarial gains and losses exceeding 10 per cent are spread over the expected average remaining working lives of the employees participating in the scheme.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

##### **13. 3. 2 Long-service Allowance**

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

##### **13. 3. 3 Provincially-administered Defined Benefit Plans**

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds (refer to Note 47 of the Annual Financial Statements for details). The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

#### **14. LEASES**

##### **14. 1 The Municipality as Lessee**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or Intangible Assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised as an expense in the statement of financial performance on a straight-line basis over the term of the relevant lease.

## **SWARTLAND MUNICIPALITY**

### **ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2009**

#### **14. LEASES (continued)**

##### **14. 1 The Municipality as Lessee (continued)**

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

##### **14. 2 The Municipality as Lessor**

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

#### **15. BORROWING COSTS**

The municipality capitalises borrowing costs incurred that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset only when the commencement date for capitalisation is on or after 1 July 2008, while all other borrowing costs incurred (including borrowing cost incurred on qualifying assets where the commencement date for capitalisation is prior to 1 July 2008) are recognised as an expense in the Statement of Financial Performance for the financial year ending 30 June 2009 in accordance with the requirements of GRAP 5 and ASB Directive 4.

It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established - the municipality expenses borrowing costs when it is inappropriate to capitalise it. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete.

#### **16. GRANTS-IN-AID**

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

#### **17. VALUE ADDED TAX**

The Municipality accounts for Value Added Tax on the cash basis.

#### **18. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

#### **19. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

#### **20. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

## **SWARTLAND MUNICIPALITY**

### **ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2009**

#### **21. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS**

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to note 37 for details of changes in accounting policies.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note 37 to the Annual Financial Statements for details of corrections of errors recorded during the period under review,

#### **22. RELATED PARTIES**

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

#### **23. EVENTS AFTER THE REPORTING DATE**

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

#### **24. COMPARATIVE INFORMATION**

##### **24. 1 Prior year comparatives**

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

#### **25. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

#### **26. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES**

The costs of internal support services are transferred to the various services and departments to whom resources are made available.



**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

<b>2009</b>	<b>2008</b>
<b>R</b>	<b>R</b>

**1. GENERAL INFORMATION**

Swartland Municipality (the municipality) is a local government institution in Malmesbury, Western Cape. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Constitution.

**2. HOUSING DEVELOPMENT FUND****Restated**

<b>Balance at the beginning of the year</b>	<b>2,168,776</b>	<b>3,699,736</b>
<b>Income</b>	<b>2,079,810</b>	<b>577,376</b>
Maintenance	37,962	38,253
Transfer from unspent Grants	1,710,917	41,150
House selling scheme loans	191,700	361,031
Housing debtors	139,231	136,942
<b>Less: Expenses</b>	<b>1,420,557</b>	<b>2,108,336</b>
Funding operating projects	1,420,557	2,108,336
	<b>2,828,029</b>	<b>2,168,776</b>

**Analysis of the composition of the Housing Development Fund:**

Housing Development Fund	<b>2,828,029</b>	<b>2,168,776</b>
Unappropriated Surplus	2,109,608	703,385
Loans extinguished by Government on 1 April 1998	718,421	1,465,391

The Housing Development Fund is represented by the following assets and liabilities:

Housing selling scheme loans (see note 18).	433,063	900,971
Housing Rental Debtors (see note 20).	194,064	223,010
Bank and cash	2,200,902	1,044,795

<b>Total Housing Development Fund Assets and Liabilities</b>	<b>2,828,029</b>	<b>2,168,776</b>
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The Housing Development Fund contain all proceeds from housing developments, which include rental income and sale of houses. Monies standing to the credit of the Housing Development Fund are used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

**3. ACCUMULATED SURPLUS****Restated**

The following internal funds and reserves are ring-fenced within the Accumulated Surplus.

Capital replacement reserve	96,890,422	67,006,316
Capitalisation reserve	114,000,457	97,466,283
Donations and public contribution reserve	1,627,208	1,719,000
Government Grants Reserve	83,390,410	64,795,840
Accumulated surplus/(deficit) due to the results of operations	136,841,977	155,920,710

<b>Total Accumulated Surplus</b>	<b>432,750,474</b>	<b>386,908,149</b>
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The Capital Replacement Reserve is a reserve to finance future capital expenditure.

The Capitalisation Reserve equals the carrying value of the items of property, plant and equipment from the former legislated funds. The Capitalisation Reserve ensures consumer equity and is not backed by cash.

The Donation and Public Contribution Reserve equals the carrying value of the items of property, plant and equipment financed from public contributions and donations. The Donation and Public Contribution Reserve ensures consumer equity and is not backed by cash.

The Government Grant Reserve equals the carrying value of the items of property, plant and equipment financed by government. The Government Grant Reserve ensures consumer equity and is not backed by cash.

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
<b>4. LONG- TERM LIABILITIES</b>		
Annuity Loans	69,494,869	25,782,011
Capitalised Lease Liability (see to note 12).	1,188,075	1,174,154
<b>Sub-total</b>	<b>70,682,944</b>	<b>26,956,165</b>
<b>Less : Current portion transferred to current liabilities</b>	<b>3,320,984</b>	<b>2,918,834</b>
Annuity Loans	3,026,622	2,699,857
Capitalised Lease Liability	294,362	218,977
<b>Total: Long-term Liabilities (Neither past due nor impaired)</b>	<b>67,361,960</b>	<b>24,037,331</b>

***Summary of arrangements***

Annuity Loans are repaid over periods varying from ten to twenty years (2008: ten to twenty years), and at interest rates varying from 9.575 % to 15.50 % (2008: 11.60 % to 15.50 % ). Annuity Loans are not secured.

For detail of leasing arrangements regarding capitalised finance lease liabilities refer to note 12.

Management of the municipality is of the opinion that the carrying value of Long- Term Liabilities recorded at amortised cost in the financial statements approximate their fair values.

The fair value of Long- Term Liabilities were determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Refer to APPENDIX A for more detail on long- term liabilities.

**5. POST RETIREMENT MEDICAL AID BENEFIT LIABILITY**

Post-Employment Health Care Benefit Liability	22,187,805	20,066,460
<b>Total: Post Retirement Medical Aid Benefit Liability</b>	<b>22,187,805</b>	<b>20,066,460</b>
Less: Transfer to Current Provisions	(1,053,553)	(916,054)
<b>Net Post-Employment Health Care Benefit Liability</b>	<b>21,134,252</b>	<b>19,150,406</b>

The Municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the Municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

The most recent actuarial valuations of the present value of the unfunded defined benefit obligation were carried out as at 30 June 2009 by ARCH Actuarial Consulting, a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. No other post retirement benefits are provided by the municipality.

The Post Employment Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

- In-service members	213	198
- Continuation members	59	55
<b>Total</b>	<b>272</b>	<b>253</b>

The liability in respect of past service has been estimated to be as follows:

- In-service members	9,366,101	8,333,933
- Continuation members	12,815,917	12,566,988
	<b>22,182,018</b>	<b>20,900,921</b>

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonitas
- Hosmed
- Keyhealth
- LA Health
- Pro Sano
- Samwumed

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
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**5. POST RETIREMENT MEDICAL AID BENEFIT LIABILITY (Continued)**

The future service cost for the ensuing year is established to be R 1,016,750, whereas the interest-cost for the next year is estimated to be R 1,983,244 (2008: R 952,676 and R 2,189,434 respectively).

**The principal assumptions used for the purposes of the actuarial valuations were as follows:**

Discount rate	9.15 %	10.71 %
Health Care Cost Inflation Rate	7.86 %	9.58 %
Net Effective Discount Rate	1.20 %	1.03 %
Expected Rate of Salary Increase	6.67 %	9.03 %
Expected Return on Reimbursement Rights	6.11 %	7.83 %
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	64	64

**The amounts recognised in the Statement of Financial Position are as follows:**

Present value of fund obligations	22,182,018	20,900,921
Fair value of plan assets	-	-
	<b>22,182,018</b>	<b>20,900,921</b>
Unrecognised past service cost	-	-
Unrecognised actuarial losses	5,787	(834,461)
Present value of unfunded obligations	22,182,018	20,900,921
<b>Benefit Liability</b>	<b>22,187,805</b>	<b>20,066,460</b>

**The amount recognised in the Statement of Financial Performance are as follows:**

Current service cost	952,676	848,905
Interest cost	2,189,434	1,630,516
<b>Total included in Employee Related Costs (see to note 29).</b>	<b>3,142,110</b>	<b>2,479,421</b>

**The movement in the defined benefit obligation over the year is as follows:**

Balance at beginning of year	20,900,921	20,381,445
Current service cost	952,676	848,905
Interest cost	2,189,434	1,630,516
Benefits paid	(1,020,766)	(864,228)
Actuarial (gain)/loss on the obligation	(840,247)	(1,095,717)
<b>Balance at end of year</b>	<b>22,182,018</b>	<b>20,900,921</b>

The effect of a 1 % movement in the assumed rate of health care cost inflation is as follows:

**Increase**

Effect on the aggregate of the current service cost and the interest cost	591,082	479,105
Effect on the defined benefit obligation	3,425,256	3,266,409

**Decrease**

Effect on the aggregate of the current service cost and the interest cost	(469,873)	(377,823)
Effect on the defined benefit obligation	(2,782,640)	(2,656,775)

**The history of experienced adjustments is as follows:**

	2009	2008	2007	2006	2005
Defined benefit obligation	22,182,018	20,900,921	20,381,446	17,238,790	-
Experience adjustments on plan liabilities	271,882	2,232,699	1,450,367	-	-

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
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**5. POST RETIREMENT MEDICAL AID BENEFIT LIABILITY (Continued)**

The municipality expects to make a contribution of R 2,999,994 (2008: R 3,142,110) to the defined benefit plans during the next financial year.

Refer to Note 47 "Multi- Employer Retirement Benefit Information" to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

**6. OTHER NON- CURRENT PROVISIONS*****Long Service Awards***

Provision for Long Service Awards	3,449,643	2,699,790
<b>Total Provision for Long Service Awards</b>	<b>3,449,643</b>	<b>2,699,790</b>
Less: Transfer to Current Provisions	(346,817)	(216,420)
<b>Net Long Service Awards liability</b>	<b>3,102,826</b>	<b>2,483,370</b>

A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality (which includes their uninterrupted service with the former local authorities amalgamated in December 2000 to become Swartland Municipality). The said award comprises a certain number of vacation leave days which, in accordance with the option exercised by the beneficiary employee, can be converted into a cash amount based on his/her basic salary applicable at the time the award becomes due or, alternatively, credited to his/her vacation leave accrual. The provision represents an estimation of the awards to which employees in the service of the Municipality at 30 June 2009 may become entitled to in future, based on an actuarial valuation performed at that date.

The most recent actuarial valuations of the present value of the unfunded defined benefit obligation were carried out as at 30 June 2009 by ARCH Actuarial Consulting, a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. No other long service benefits are provided by the municipality.

The future service cost for the ensuing year is established to be R 478,478, whereas the interest-cost for the next year is estimated to be R 302,155 (2008: R 369,807 and R 284,296 respectively).

**The principal assumptions used for the purposes of the actuarial valuations were as follows:**

Discount rate	9.21 %	10.97 %
Expected Rate of Salary Increase	6.67 %	9.03 %
Net Effective Discount Rate	2.38 %	1.78 %
Expected Return on Reimbursement Rights	6.11 %	7.83 %
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	64	64

**The amounts recognised in the Statement of Financial Position are as follows:**

Present value of fund obligations	3,449,643	2,699,790
	<b>3,449,643</b>	<b>2,699,790</b>
Present value of unfunded obligations	3,449,643	2,699,790
<b>Net liability</b>	<b>3,449,643</b>	<b>2,699,790</b>

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R			
<b>6. OTHER NON-CURRENT PROVISIONS (Continued)</b>					
<i>Long Service Awards (continued)</i>					
<b>The amount recognised in the Statement of Financial Performance are as follows:</b>					
Current service cost	369,807	402,542			
Interest cost	284,296	222,612			
Actuarial (gain)/loss on the obligation	506,949	(380,516)			
<b>Total included in Employee Related Costs (see to note 29).</b>	<b>1,161,052</b>	<b>244,638</b>			
<b>The movement in the defined benefit obligation over the year is as follows:</b>					
Balance at beginning of year	2,699,790	2,782,650			
Current service cost	369,807	402,542			
Interest cost	284,296	222,612			
Benefits paid	(411,199)	(327,498)			
Actuarial (gain)/loss on the obligation	506,949	(380,516)			
<b>Balance at end of year</b>	<b>3,449,643</b>	<b>2,699,790</b>			
<b>The history of experienced adjustments is as follows:</b>					
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Defined benefit obligation	3,499,643	2,699,790	2,782,650	2,385,606	-
Experience adjustments on plan liabilities	630,992	(396,187)	(375,596)	-	-
	<b>2009 R</b>	<b>2008 R</b>			
<b>7. CONSUMER DEPOSITS</b>					
Electricity and Water	4,897,668	4,551,628			
Interest paid	-	-			
<b>Total Consumer Deposits</b>	<b>4,897,668</b>	<b>4,551,628</b>			
Guarantees amounting to R 717 653 (2008: R 689,543) are held in lieu of Electricity and Water Deposits					
Consumer deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the Council can utilize the deposit as payment for the outstanding account.					
No interest is paid on consumer deposits held.					
Management of the municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values.					
The fair value of Consumer Deposits were determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.					
<b>8. PROVISIONS</b>					
Current portion of Post-Employment Health Care Benefits(see note 5)	1,053,553	916,054			
Current portion of Long-Service Awards (see note 6)	346,817	216,420			
<b>Total Provisions</b>	<b>1,400,370</b>	<b>1,132,474</b>			

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
<b>8. PROVISIONS (continued)</b>		
The movement in current provisions are reconciled as follows:		
	<b>Post- Employment Health Care Benefits</b>	<b>Current portion of Long- service</b>
<b>30 June 2009</b>		
Balance at beginning of year	916,054	216,420
Transfer from non-current	1,053,553	346,817
Contributions to provision	104,712	194,779
Expenditure incurred	(1,020,766)	(411,199)
Reversal of provision	-	-
<b>Balance at end of year</b>	<b>1,053,553</b>	<b>346,817</b>
	<b>Post- Employment Health Care Benefits</b>	<b>Current portion of Long- service</b>
<b>30 June 2008</b>		
Balance at beginning of year	873,650	270,086
Transfer from non-current	916,054	216,420
Contributions to provision	-	57,412
Expenditure incurred	(864,228)	(327,498)
Reversal of provision	(9,422)	-
<b>Balance at end of year</b>	<b>916,054</b>	<b>216,420</b>
	<b>2009 R</b>	<b>2008 Restated R</b>
<b>9. CREDITORS</b>		
Trade creditors	25,953,141	23,972,310
Payments received in advance	1,256,129	731,881
Retentions	1,067,703	1,925,911
Staff leave	3,726,633	3,483,692
Other creditors	3,392,608	3,049,345
<b>Total Creditors</b>	<b>35,396,214</b>	<b>33,163,139</b>

The average credit period on purchases is 30 days from the receipt of the invoice (as determined by the MFMA). No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

Management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.

The fair value of Creditors were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

Retentions refer to construction contracts.

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
<b>10. UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
<i>10.1 Conditional Grants by other spheres of Government</i>	<b>11,219,611</b>	<b>8,756,025</b>
Abbotsdale Housing Project	-	114,108
Cleanest Town	127,544	110,517
Community Development: Workers	34,765	36,508
Darling Pedestrian Route	-	601,982
Database: Performance Management	56,000	-
Disaster Fund	1,723,936	-
Electricity Riebeek Kasteel/Kalbaskraal	-	435,975
Financial Management Grant	-	24,271
Housing Consumer Education Grant	63,795	3,132
Housing: Darling	6,628,169	2,820,545
Housing Project : Chatsworth - Transfer Fees	-	35,696
Housing: Riebeek Kasteel	-	1,133,976
Ilinge Lethu Advisory Centre	139,256	60,025
Ilinge Lethu Multipurpose Centre	49,153	33,587
Ilinge Lethu Housing Project	-	18,254
Kalbaskraal Housing Project	-	75,458
Kalbaskraal Housing Project (2)	-	1,019,078
Library	-	-
Malmesbury Saamstaan Housing Project	-	49,141
Municipal Systems Improvement Grant	341,857	414,002
Goedgedacht Sportgrounds	-	9,350
Project Preparation Grant	-	62,000
Riebeek Kasteel Extension 3 Housing Project	-	95,194
Riebeek Kasteel: Non Motorised Transport	-	57,214
Riebeek Wes Koinonia Housing Project	-	173,641
Riverlands/Chatsworth Sport	-	243,715
Soup Kitchen	-	15,000
Spatial Development Framework	-	22,926
Upgrading: Polla Park	-	1,044,918
Vuna Award	2,055,136	45,812
<i>10.2 Other Conditional Receipts</i>	<b>314,475</b>	<b>326,705</b>
Ilinge Lethu Centre	-	8,000
Junior Council	5,719	6,950
Sihlange Projects: Mayor Fund Ward 6	-	3,000
Spatial Development Plan	308,756	308,755
<b>Total Conditional Grants and Receipts</b>	<b>11,534,086</b>	<b>9,082,730</b>

See Note 28 for reconciliation of grants by other spheres of government.

**11. VAT****VAT payable**

-	-
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VAT is accounted for on the receipts basis. Only once payment has been received from debtors is VAT paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest, for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009****12. FINANCE LEASE PAYABLES****The Municipality as lessee*****Leasing arrangements:***

Capitalised Lease Liabilities relate to office equipment with lease terms of five years (2008: five years). The effective interest rate on finance leases is between 13.97 % and 21.53 % (2008: 14.73 % and 21.53 %). Capitalised lease liabilities are secured over the items of office equipment leased.

*The obligations under finance leases are scheduled below:*

	<b>Minimum Lease Payments</b>		<b>Present Value of Minimum Lease Payments</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Amounts payable under finance leases</b>				
Within one year	454,585	378,207	294,362	218,977
1 to 5 years	1,080,653	1,208,082	893,713	955,177
More than 5 years	-	-	-	-
	<b>1,535,238</b>	<b>1,586,289</b>	<b>1,188,075</b>	<b>1,174,154</b>
Less: Future finance charges	(347,163)	(412,135)		
<b>Present Value of Lease obligations (see note 4)</b>	<b>1,188,075</b>	<b>1,174,154</b>	<b>1,188,075</b>	<b>1,174,154</b>
Less amounts due for settlement within 12 months (current portion)			(294,362)	(218,977)
<b>Amounts due for settlement after 12 months (non-current)</b>			<b>893,713</b>	<b>955,177</b>

The management of the municipality is of the opinion that the carrying value of Finance Leases approximate their fair values.

The municipality has finance lease agreements for the following significant classes of assets:

- Office Equipment

Included in these classes are the following significant leases:

**(i) Siemens High Path Pabx**

- Instalments are payable monthly in advance
- Average period outstanding 30 months
- Average effective interest rate 14.74 %
- Average monthly instalment 8,936

**(ii) Bizhub 750/FS-505 Copier**

- Instalments are payable monthly in advance
- Average period outstanding 43 months
- Average effective interest rate 13.97 %
- Average monthly instalment 5,699

**(iii) Bizhub 160F Copier**

- Instalments are payable monthly in advance
- Average period outstanding 49 months
- Average effective interest rate 15.40 %
- Average monthly instalment 6,379



**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

2009	2008
R	R

**13. OPERATING LEASES****The Municipality as lessee*****Leasing arrangements:***

Operating leases relate to Buildings, Computer and other equipment with lease terms of between one to five years. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.

At the reporting date the municipality had outstanding commitments under non-cancellable operating leases, which fall due as follows:

<b>Buildings</b>	<b>352,358</b>	<b>109,456</b>
Up to 1 year	147,392	108,449
1 to 5 years	204,966	1,007
More than 5 years	-	-
<b>Computer and other equipment</b>	<b>360,274</b>	<b>617,648</b>
Up to 1 year	142,938	249,249
1 to 5 years	217,336	368,399
More than 5 years	-	-
<b>Total Operating Lease Commitments</b>	<b>712,632</b>	<b>727,104</b>
The following payments have been recognised as an <b>expense</b> in the Statement of Financial Performance:		
Minimum lease payments	390,240	900,503
<b>Total Operating Lease Expenses - as Lessee</b>	<b>390,240</b>	<b>900,503</b>

Operating leases are recognized on the straight-line basis as per the requirement of GRAP 13. In respect of non-cancellable Operating Leases the following asset/(liability) has been recognised:

**Accrual as at 30 June**

Operating lease payments effected	392,401	911,403
Operating expenses recorded	(390,240)	(900,503)
<b>Total Operating Lease Assets/( Liabilities)</b>	<b>2,161</b>	<b>10,900</b>

The municipality has operating lease agreements for the following classes of assets, which are only significant collectively:

- Office Equipment
- Vehicles

No restrictions have been imposed on the Municipality in terms of the operating lease agreements.

**The Municipality as Lessor:*****Leasing arrangements:***

Operating Leases relate to Investment Property owned by the municipality with lease terms of between 5 to 10 years. The lessee does not have an option to purchase the property at the expiry of the lease period.

At the reporting date the following lease receipts were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	159,910	124,198
1 to 5 years	352,448	369,823
More than 5 years	33,330	98,137
	<b>545,688</b>	<b>592,158</b>

This impact of charging the escalations in operating leases on a straight-line basis over the term of the lease has been a increase in current year income of R 5,943.

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	2009	2008
	R	R

**13.. OPERATING LEASES (continued)**

Operating leases are recognized on the straight-line basis as per the requirement of GRAP 13. In respect of non-cancellable Operating Leases the following asset/(liability) has been recognised:

**Accrual as at 30 June**

Operating lease payments received	(462,486)	(179,615)
Operating income recorded	468,429	141,149
<b>Total Operating Lease Assets/(Liabilities)</b>	<b>5,943</b>	<b>(38,466)</b>

No restrictions have been imposed on the Municipality in terms of the lease agreements.

**14. PROPERTY, PLANT AND EQUIPMENT****30 June 2009**

<b>Reconciliation of Carrying Value</b>	<b>Land and Buildings</b>	<b>Infra-structure</b>	<b>Community</b>	<b>Heritage</b>	<b>Total carried forward</b>
<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Carrying values at 1 July 2008</b>	<b>69,249,759</b>	<b>186,859,136</b>	<b>13,331,941</b>	<b>132,993</b>	<b>269,573,829</b>
Cost	105,447,683	956,611,443	29,406,136	586,266	1,092,051,528
Correction of error (Note 37)	-	(280,913)	(399,553)	-	(680,466)
<b>Accumulated depreciation and Impairment</b>	<b>(36,197,924)</b>	<b>(769,471,394)</b>	<b>(15,674,642)</b>	<b>(453,273)</b>	<b>(821,797,233)</b>
- Cost	(36,197,924)	(769,476,709)	(15,689,928)	(453,273)	(821,817,834)
- Correction of error (Note 37)	-	5,315	15,286	-	20,601
Acquisitions	1,207,755	28,347,155	-	-	29,554,910
Capital under Construction	3,390	16,342,069	-	-	16,345,459
Borrowing costs Capitalised					
<b>Depreciation</b>	<b>(1,089,077)</b>	<b>(12,605,582)</b>	<b>(919,927)</b>	<b>(10,109)</b>	<b>(14,624,695)</b>
- based on cost	(1,089,077)	(12,605,582)	(919,927)	(10,109)	(14,624,695)
<b>Carrying value of disposals</b>	<b>(239,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(239,000)</b>
Cost	(239,000)	-	-	-	(239,000)
Accumulated depreciation	-	-	-	-	-
Impairment losses	-	-	-	-	-
Transferred to disposal group classified as held for sale	-	-	-	-	-
Other movements	-	-	-	-	-
<b>Carrying values at 30 June 2009</b>	<b>69,132,827</b>	<b>218,942,778</b>	<b>12,412,014</b>	<b>122,884</b>	<b>300,610,503</b>
Cost	106,419,828	1,001,019,754	29,006,582	586,266	1,137,032,430
Correction of error (Note 37)	-	-	-	-	-
<b>Accumulated depreciation and Impairment</b>	<b>(37,287,001)</b>	<b>(782,076,976)</b>	<b>(16,594,568)</b>	<b>(463,382)</b>	<b>(836,421,927)</b>
- Cost	(37,287,001)	(782,076,976)	(16,594,568)	(463,382)	(836,421,927)
- Correction of error (Note 37)	-	-	-	-	-

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009****14. PROPERTY, PLANT AND EQUIPMENT (continued)**

30 June 2009

<b>Reconciliation of Carrying Value</b>	<b>Total brought forward</b>	<b>Other</b>	<b>Housing Development Fund</b>	<b>Leased Assets</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Carrying values at 1 July 2008</b>	<b>269,573,829</b>	<b>21,702,748</b>	<b>736,019</b>	<b>960,449</b>	<b>292,973,045</b>
Cost	1,092,051,528	39,376,320	1,613,177	1,165,196	1,134,206,221
Correction of error (Note 37)	(680,466)	-	(25,912)	-	(706,378)
<b>Accumulated depreciation and Impairment</b>	<b>(821,797,233)</b>	<b>(17,673,572)</b>	<b>(851,246)</b>	<b>(204,747)</b>	<b>(840,526,798)</b>
- Cost	(821,817,834)	(17,673,572)	(854,701)	(204,747)	(840,550,854)
- Correction of error (Note 37)	20,601	-	3,455	-	24,056
Acquisitions	29,554,910	5,431,948	-	289,997	35,276,855
Capital under Construction	16,345,459	-	-	-	16,345,459
Borrowing costs Capitalised					
<b>Depreciation</b>	<b>(14,624,695)</b>	<b>(3,595,513)</b>	<b>(66,626)</b>	<b>(248,643)</b>	<b>(18,535,477)</b>
- based on cost	(14,624,695)	(3,595,513)	(66,626)	(248,643)	(18,535,477)
<b>Carrying value of disposals</b>	<b>(239,000)</b>	<b>(90,699)</b>	<b>-</b>	<b>(45,066)</b>	<b>(374,765)</b>
Cost	(239,000)	(388,159)	-	(64,253)	(691,412)
Accumulated depreciation	-	297,460	-	19,187	316,647
Impairment losses	-	-	-	-	-
Transferred to disposal group classified as held for sale					
Other movements	-	-	-	-	-
<b>Carrying values at 30 June 2009</b>	<b>300,610,503</b>	<b>23,448,484</b>	<b>669,393</b>	<b>956,737</b>	<b>325,685,117</b>
Cost	1,137,032,430	44,420,109	1,587,265	1,390,940	1,184,430,744
Correction of error (Note 37)	-	-	-	-	-
<b>Accumulated depreciation and Impairment</b>	<b>(836,421,927)</b>	<b>(20,971,625)</b>	<b>(917,872)</b>	<b>(434,203)</b>	<b>(858,745,627)</b>
- Cost	(836,421,927)	(20,971,625)	(917,872)	(434,203)	(858,745,627)
- Correction of error (Note 37)	-	-	-	-	-

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009****14. PROPERTY, PLANT AND EQUIPMENT (Continued)**

30 June 2008

<b>Reconciliation of Carrying Value</b>	<b>Land and Buildings</b>	<b>Infra-structure</b>	<b>Community</b>	<b>Heritage</b>	<b>Total carried forward</b>
<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Carrying values at 1 July 2007</b>	<b>68,098,908</b>	<b>147,959,709</b>	<b>14,237,440</b>	<b>143,102</b>	<b>230,439,159</b>
Cost	103,524,742	906,818,032	28,992,334	586,266	1,039,921,374
Correction of error (Note 37)	-	-	-	-	-
<b>Accumulated depreciation and Impairment</b>	<b>(35,425,834)</b>	<b>(758,858,323)</b>	<b>(14,754,894)</b>	<b>(443,164)</b>	<b>(809,482,215)</b>
- Cost	(35,425,834)	(758,858,323)	(14,754,894)	(443,164)	(809,482,215)
- Correction of error (Note 37)	-	-	-	-	-
Acquisitions	2,382,941	28,763,689	173,695	-	31,320,325
Capital under Construction	-	21,138,572	240,107	-	21,378,679
Borrowing costs Capitalised	-	-	-	-	-
<b>Depreciation</b>	<b>(933,423)</b>	<b>(10,690,953)</b>	<b>(935,034)</b>	<b>(10,109)</b>	<b>(12,569,519)</b>
- based on cost	(933,423)	(10,690,953)	(935,034)	(10,109)	(12,569,519)
<b>Carrying value of disposals</b>	<b>(298,667)</b>	<b>(36,283)</b>	<b>-</b>	<b>-</b>	<b>(334,950)</b>
Cost	(460,000)	(108,851)	-	-	(568,851)
Accumulated depreciation	161,333	72,568	-	-	233,901
Impairment losses	-	-	-	-	-
Transferred to disposal group classified as held for sale	-	-	-	-	-
Other movements	-	-	-	-	-
<b>Carrying values at 30 June 2008</b>	<b>69,249,759</b>	<b>186,859,136</b>	<b>13,331,941</b>	<b>132,993</b>	<b>269,573,829</b>
Cost	105,447,683	956,611,443	29,406,136	586,266	1,092,051,528
Correction of error (Note 37)	-	(280,913)	(399,553)	-	(680,466)
<b>Accumulated depreciation and Impairment</b>	<b>(36,197,924)</b>	<b>(769,471,394)</b>	<b>(15,674,642)</b>	<b>(453,273)</b>	<b>(821,797,233)</b>
- Cost	(36,197,924)	(769,476,709)	(15,689,928)	(453,273)	(821,817,834)
- Correction of error (Note 37)	-	5,315	15,286	-	20,601

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009****14. PROPERTY, PLANT AND EQUIPMENT (Continued)**

30 June 2008

<b>Reconciliation of Carrying Value</b>	<b>Total brought forward</b>	<b>Other</b>	<b>Housing Development Fund</b>	<b>Leased Assets</b>	<b>Total</b>
<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Carrying values at 1 July 2007</b>	<b>230,439,159</b>	<b>15,281,914</b>	<b>825,966</b>	<b>368,981</b>	<b>246,916,020</b>
Cost	1,039,921,374	30,361,388	1,613,177	415,462	1,072,311,401
Correction of error (Note 37)	-	-	-	-	-
<b>Accumulated depreciation and Impairment</b>	<b>(809,482,215)</b>	<b>(15,079,474)</b>	<b>(787,211)</b>	<b>(46,481)</b>	<b>(825,395,381)</b>
- Cost	(809,482,215)	(15,079,474)	(787,211)	(46,481)	(825,395,381)
- Correction of error (Note 37)	-	-	-	-	-
Acquisitions	31,320,325	9,160,615	-	749,734	41,230,674
Capital under Construction	21,378,679	-	-	-	21,378,679
Borrowing costs Capitalised					
<b>Depreciation</b>	<b>(12,569,519)</b>	<b>(2,696,076)</b>	<b>(67,490)</b>	<b>(158,266)</b>	<b>(15,491,351)</b>
- based on cost	(12,569,519)	(2,696,076)	(67,490)	(158,266)	(15,491,351)
<b>Carrying value of disposals</b>	<b>(334,950)</b>	<b>(43,705)</b>	<b>-</b>	<b>-</b>	<b>(378,655)</b>
Cost/revaluation	(568,851)	(145,683)	-	-	(714,534)
Accumulated depreciation	233,901	101,978	-	-	335,879
Impairment losses	-	-	-	-	-
Transferred to disposal group classified as held for sale					
Other movements	-	-	-	-	-
<b>Carrying values at 30 June 2008</b>	<b>269,573,829</b>	<b>21,702,748</b>	<b>736,019</b>	<b>960,449</b>	<b>292,973,045</b>
Cost	1,092,051,528	39,376,320	1,613,177	1,165,196	1,134,206,221
Correction of error (Note 37)	(680,466)	-	(25,912)	-	(706,378)
<b>Accumulated depreciation and Impairment</b>	<b>(821,797,233)</b>	<b>(17,673,572)</b>	<b>(851,246)</b>	<b>(204,747)</b>	<b>(840,526,798)</b>
- Cost	(821,817,834)	(17,673,572)	(854,701)	(204,747)	(840,550,854)
- Correction of error (Note 37)	20,601	-	3,455	-	24,056

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

The Municipality has taken advantage of the transitional provision in paragraph 78 of GRAP 17, as set out in Directive 4, which allows entities a period of up to 3 years from the date of initial adoption of GRAP 17 to comply in full with its measurement requirements. The municipality aim to fully comply with GRAP 17 by 30 June 2011.

In terms of the transitional provisions of Directive 4, the municipality currently measures its Infrastructure Assets, Land and Buildings Community Assets, Heritage Assets, Housing Rental stock and Other Assets at historical global amounts, or in cases where no cost prices are available, at provisional amounts. During the transitional period the municipality has already finalised a process of componentisation of assets that were recorded at global amounts and not initially measured and recorded in the significant components making up the assets. Where sufficient historical data on assets, relating to initial cost prices, are not available to the municipality, the municipality still have to measure its assets at a deemed cost which represents fair value or depreciated replacement cost at the date the asset was acquired, if the acquisition date is known; or the fair value or depreciated replacement cost of the asset determined at the earliest date for which the municipality first prepared financial statements that complied with Standards of GRAP, i.e. 1 July 2007, if the asset's acquisition date is unknown.

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009****15. INTANGIBLE ASSETS**

30 June 2009

Reconciliation of Carrying Value	Software Licenses R	Website Development R
<b>Carrying values at 1 July 2008</b>	-	<b>37,279</b>
- Cost	-	69,704
<b>Accumulated Amortisation and Impairment</b>	-	<b>(32,425)</b>
- Cost	-	(32,425)
<b>Acquisitions</b>		
Purchased	73,793	-
<b>Borrowing Costs Capitalised</b>	-	-
<b>Other movements</b>	-	21,522
<b>Amortisation</b>	<b>(6,354)</b>	<b>(12,085)</b>
- based on Cost	(6,354)	(12,085)
<b>Carrying values at 30 June 2009</b>	<b>67,439</b>	<b>46,716</b>
- Cost	73,793	69,704
<b>Accumulated depreciation</b>	<b>(6,354)</b>	<b>(22,988)</b>
- Cost	(6,354)	(22,988)

30 June 2008

Reconciliation of Carrying Value	Software Licenses R	Website Development R
<b>Carrying values at 1 July 2007</b>	-	<b>30,693</b>
Cost	-	51,154
Correction of error (Note 37)	-	-
<b>Accumulated Amortisation and Impairment</b>	-	<b>(20,461)</b>
- Cost	-	(20,461)
- Correction of error (Note 37)	-	-
<b>Acquisitions</b>		
Purchased	-	18,550
<b>Borrowing Costs Capitalised</b>	-	-
<b>Amortisation</b>	-	<b>(11,964)</b>
- based on Cost	-	(11,964)
<b>Carrying values at 30 June 2008</b>	-	<b>37,279</b>
- Cost	-	69,704
- Correction of error (Note 37)	-	-
<b>Accumulated depreciation</b>	-	<b>(32,425)</b>
- Cost	-	(32,425)
- Correction of error (Note 37)	-	-

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
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**15. INTANGIBLE ASSETS (continued)**

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 31).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to the intangible assets.

**16. INVESTMENT PROPERTY**

At cost less accumulated depreciation	<b>24,645,091</b>	<b>23,801,779</b>
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The movement in investment properties is reconciled as follows:

<b>Carrying value at the beginning of the year</b>	<b>23,801,779</b>	<b>24,655,159</b>
Cost	29,841,074	30,643,604
Accumulated depreciation	(6,039,295)	(5,988,445)
Accumulated Impairment Losses	-	-
	-	-
Additions to existing investment properties	-	-
Transfer to Inventory (Grap 16.65 and 16.70)	(146,370)	(802,530)
Depreciation	(50,850)	(50,850)
Impairment losses	-	-
Other Movements	1,040,532	-
<b>Carrying value at the end of the year</b>	<b>24,645,091</b>	<b>23,801,779</b>
Cost	29,694,704	29,841,074
Accumulated depreciation	(5,049,613)	(6,039,295)
Accumulated Impairment Losses	-	-
Correction of error (Note 37)		
Cost	-	-
Accumulated Amortisation	-	-

**The following is included in the net surplus/(deficit)**

Rental revenue earned from Investment Properties	285,190	207,309
Direct Operating expenses - incurred to generate rental revenue	226,986	67,716
Direct Operating expenses - incurred which did not generate rental revenue	898,840	814,331

There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property.

**Fair Value of investment properties.**

The fair value of investment properties is estimated at R 82,884,400 which is based on a valuation by an independent valuer who holds a recognised and relevant qualification. The determination of fair value is supported by market evidence.

**17. LONG-TERM RECEIVABLES****Restated*****Nether past due nor impaired***

Car loans	47,860	105,083
Loans to Public Organisations	285,358	293,484
	<b>333,218</b>	<b>398,567</b>

**Less : Current portion transferred to current receivables**

	<b>56,891</b>	<b>65,017</b>
Car loans	47,860	57,223
Loans to Public Organisations	9,031	7,794

<b>Total</b>	<b>276,327</b>	<b>333,550</b>
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**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
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**17.. LONG-TERM RECEIVABLES (continued)*****LOANS TO PUBLIC ORGANISATIONS***

Under the previous dispensation loans raised at an interest rate of one percent per annum repayable over a period of forty years, were granted by the State to the Municipality who in turn, made the said loans available to Public Organisations for the purpose of providing housing to indigent old age persons. The Municipality merely acted as an intermediater between the State and such Organisations. The outstanding balances of these loans were subsequently written off by the State whilst the annual instalment, still recoverable from the various Organisations, are credited to the Housing Fund. Loans are repaid over periods of thirty to forty years and at interest rates varying from one to eleven point two five percent per annum. (See note 2)

Management of the municipality is of the opinion that the carrying value of Long- Term Receivables recorded at amortised cost in the financial statements approximate their fair values.

***CAR LOANS***

Prior to the coming into effect of the provisions of section 164(1)(c) of the MFMA (Act 56 of 2003) on 1 July 2004, loans were granted to qualifying senior staff members to enable them to acquire a motor vehicle. The vehicle must be made available daily by the staff member for his use in the carrying out of his official duties. The repayment period of these loans and the applicable interest rate is a maximum of six years and eight percent per annum, respectively.

The fair value of Long- Term Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratio's of the municipality's debtors.

Long- term receivables are neither past due nor impaired as management have no concerns over the credit quality of these assets.

**18. FINANCE LEASE RECEIVABLES**

Housing selling scheme loans	433,063	900,971
	<b>433,063</b>	<b>900,971</b>
<b>Less : Current portion transferred to current receivables</b>	<b>74,069</b>	<b>162,672</b>
Housing selling scheme loans	74,069	162,672
<b>Total</b>	<b>358,994</b>	<b>738,299</b>

***HOUSING SELLING SCHEME LOANS***

Loans were granted to the tenants of low cost housing erected by the Municipality with funds provided by the State, in order to enable them to purchase the houses they previously rent from the Municipality. Loans are repaid over a period of twenty years and at an interest rate of thirteen point five percent per annum. The instalments of interest and redemption recoverable from the purchasers are credited to the Housing Fund. (See note 2)

***18. 1 Leasing Arrangements***

The municipality entered into finance Leasing Arrangements for house selling scheme loans. The average term of Finance Leases entered into is between six and twenty years.

***18. 2 Amounts receivable under finance leases***

	<b>Minimum Lease Payments</b>		<b>Present Value of Minimum Lease Payments</b>	
	2009 R	2008 R	2009 R	2008 R
Within one year	130,332	279,211	74,069	162,672
In the second to fifth year inclusive	413,974	641,171	134,586	366,251
Over five years	394,821	685,659	224,408	372,048
	<b>939,127</b>	<b>1,606,041</b>	<b>433,063</b>	<b>900,971</b>
Less: Unearned Finance Income	(506,064)	(705,070)		
<b>Total Finance Lease Receivables</b>	<b>433,063</b>	<b>900,971</b>	<b>433,063</b>	<b>900,971</b>



**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009****18. FINANCE LEASE RECEIVABLES (continued)****18. 3 Amounts receivable under finance leases (continued)**

	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>
<b>Included in the Annual Financial Statements as:</b>		
Current Finance lease receivables	74,069	162,672
Non-Current Finance lease receivables	358,994	738,299
	<b>433,063</b>	<b>900,971</b>

The interest rate inherent to the leases are fixed at the contract date over the entire lease term. The average effective interest rate contracted is 13.50 % (2008: 13.50 %) per annum.

Management of the municipality is of the opinion that the carrying value of financial lease receivables recorded at amortised cost in the financial statements approximate their fair values.

The fair value of Finance Lease Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratio's of the municipalities debtors.

**19. INVENTORY****Restated**

Consumable stores - at cost	1,793,363	3,054,499
Franking Machine	13,815	-
Stationery - at cost	171,488	237,225
SMS Bundles	1,245	-
Water - at cost	91,438	83,346
Unsold properties held for resale - at cost	2,041,564	4,213,417
<b>Total Inventory</b>	<b>4,112,913</b>	<b>7,588,487</b>

The cost of inventories (excluding land inventories) recognised as expense and included in "General Expenses" amounted to R 2,639,093 (2008: R 2,360,449). The cost of land inventories expensed has been separately disclosed on the Statement of Financial Performance.

Inventory to the amount of R 121,052 (2008: R 516,908) was written-down and included in "General Expenses".

**20. CONSUMER DEBTORS****As at 30 June 2009**

	<b>Gross Balances</b>	<b>Collective Provision for Impairment</b>	<b>Net Balances</b>
<b>Service debtors</b>	<b>27,942,423</b>	<b>2,983,134</b>	<b>24,959,289</b>
Rates	6,780,438	1,101,215	5,679,223
Electricity	11,921,504	381,214	11,540,290
Water	3,968,667	474,291	3,494,376
Sewerage	2,923,748	542,157	2,381,591
Refuse Removal	2,348,066	484,257	1,863,809
Housing rentals	194,064	139,480	54,584
<b>Total</b>	<b>28,136,487</b>	<b>3,122,614</b>	<b>25,013,873</b>

**As at 30 June 2008**  
**Restated**

	<b>Gross Balances</b>	<b>Collective Provision for Impairment</b>	<b>Net Balances</b>
<b>Service debtors</b>	<b>22,739,791</b>	<b>3,023,214</b>	<b>19,716,577</b>
Rates	5,744,969	1,154,041	4,590,928
Electricity	9,158,358	669,802	8,488,556
Water	3,280,018	365,553	2,914,465
Sewerage	2,597,576	447,716	2,149,860
Refuse Removal	1,958,870	386,102	1,572,768
Housing rentals	223,010	155,289	67,721
<b>Total</b>	<b>22,962,801</b>	<b>3,178,503</b>	<b>19,784,298</b>

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009****20. CONSUMER DEBTORS (continued)**

	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>

The average credit period for consumer debtors is 30 days. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at prime plus one per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of the consumer debtors.

Management of the municipality is of the opinion that the carrying value of Consumer Debtors approximate their fair values. The fair value of Consumer Debtors were determined after considering the standard terms and conditions of agreements entered into between the municipality and consumer debtors as well as the current payment ratio's of the municipalities consumer debtors.

Comparative year has been restated due to the correction of an error or accounting policy (refer to note 37).

**20.1 Ageing of Consumer Debtors****Rates: Ageing**

Current ( 0 - 30 days )	3,071,583	2,672,036
<b><u>Past Due</u></b>		
31 - 60 Days	786,509	606,359
61 - 90 Days	208,918	189,777
91 - 120 Days	155,547	139,491
121 - 150 Days	80,738	104,164
151 - 180 Days	93,318	62,877
181 - 365 Days	1,779,333	1,366,218
366 Days - 2 Years	179,264	283,448
2 - 3 Years	128,748	255,371
+ 3 Years	296,480	65,228
<b>Total</b>	<b><u>6,780,438</u></b>	<b><u>5,744,969</u></b>

**(Electricity, Water, Sewerage and Refuse Removal): Ageing**

Current ( 0 - 30 days )	14,327,566	11,487,908
<b><u>Past Due</u></b>		
31 - 60 Days	1,990,854	1,659,275
61 - 90 Days	423,551	388,678
91 - 120 Days	308,994	238,677
121 - 150 Days	295,957	199,990
151 - 180 Days	245,152	164,997
181 - 365 Days	2,261,295	1,614,012
366 Days - 2 Years	619,550	449,719
2 - 3 Years	190,882	196,497
+ 3 Years	498,184	595,069
<b>Total</b>	<b><u>21,161,985</u></b>	<b><u>16,994,822</u></b>

**Housing rentals: Ageing**

Current ( 0 - 30 days )	34,987	43,924
<b><u>Past Due</u></b>		
31 - 60 Days	16,263	20,761
61 - 90 Days	3,335	4,571
91 - 120 Days	2,997	3,540
121 - 150 Days	2,403	3,188
151 - 180 Days	12,535	3,370
181 - 365 Days	40,299	54,384
366 Days - 2 Years	27,371	11,235
2 - 3 Years	8,382	14,920
+ 3 Years	45,493	63,117
<b>Total</b>	<b><u>194,065</u></b>	<b><u>223,010</u></b>

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009****20. CONSUMER DEBTORS (continued)****20. 2 Summary of Debtors by Customer Classification**

	<b><u>Consumers</u></b>	<b><u>Industrial/ Commercial</u></b>	<b><u>National and Provincial Government</u></b>
	<b>R</b>	<b>R</b>	<b>R</b>
<b>30<sup>th</sup> June 2009</b>			
Current ( 0 - 30 days )	12,869,023	4,051,363	513,749
<b><u>Past Due</u></b>			
31 - 60 Days	2,130,062	585,235	78,329
61 - 90 Days	537,870	37,507	60,428
91 - 120 Days	439,555	15,787	12,197
121 - 150 Days	354,821	12,394	11,882
151 - 180 Days	333,155	8,500	9,349
181 - 365 Days	3,832,047	153,537	95,344
366 Days - 2 Years	736,617	68,575	20,991
2 - 3 Years	288,426	21,019	18,566
+ 3 Years	765,247	60,538	14,374
<b>Sub-total</b>	<b>22,286,823</b>	<b>5,014,455</b>	<b>835,209</b>
Less: Collective Provision for Impairment	(2,706,609)	(416,005)	-
<b>Total debtors by customer classification</b>	<b>19,580,214</b>	<b>4,598,450</b>	<b>835,209</b>
<b>30<sup>th</sup> June 2008</b>			
Current ( 0 - 30 days )	10,336,795	3,386,173	480,901
<b>Restated</b>			
<b><u>Past Due</u></b>			
31 - 60 Days	1,845,929	401,673	38,794
61 - 90 Days	557,658	17,463	7,905
91 - 120 Days	361,041	15,905	4,762
121 - 150 Days	294,940	7,957	4,445
151 - 180 Days	219,702	7,790	3,751
181 - 365 Days	2,723,732	104,803	98,867
366 Days - 2 Years	679,524	31,609	33,269
2 - 3 Years	530,901	14,817	28,281
+ 3 Years	651,059	58,311	14,044
<b>Sub-total</b>	<b>18,201,281</b>	<b>4,046,501</b>	<b>715,019</b>
Less: Collective Provision for Impairment	(2,658,529)	(519,974)	-
<b>Total consumer debtors by customer classification</b>	<b>15,542,752</b>	<b>3,526,527</b>	<b>715,019</b>

Comparative year has been restated due to the correction of an error or accounting policy (refer to note 37).

	<b>2009 R</b>	<b>2008 R Restated</b>
At 30 June 2009 consumer debtors of R 7,579,737 (2008: R 5,580,430) were past due but not impaired. The age analysis of these consumer debtors are as follows:		
31 - 60 Days	2,793,625	2,286,396
61 - 90 Days	635,804	583,026
91 - 120 Days	467,537	381,707
121 - 150 Days	379,098	307,342
151 - 180 Days	351,005	231,244
181 - 365 Days	2,952,668	1,790,715
<b>Total</b>	<b>7,579,737</b>	<b>5,580,430</b>

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
<b>20. CONSUMER DEBTORS (continued)</b>		
<i>20.3 Reconciliation of Collective Provision for Impairment on Consumer debtors</i>		
Balance at beginning of the year	3,178,503	2,830,226
Contribution to Provision	818,453	1,131,495
Bad debts written off against provision	(874,342)	(783,218)
Reversal of provision		-
<b>Balance at end of year</b>	<b>3,122,614</b>	<b>3,178,503</b>
<b>21. OTHER DEBTORS</b>		<b>Restated</b>
Payments made in advance	352,359	308,469
Insurance claims	26,726	11,463
Government grants and subsidies (Past due and not impaired)	32,387	1,649,941
Provincial health subsidies	-	3,097
Proclaimed roads subsidies	-	-
<b>Sub Total</b>	<b>411,472</b>	<b>1,972,970</b>
Sundry debtors	3,090,380	3,581,123
Less: Collective Provision for Impairment	(917,676)	(846,362)
<b>Sub Total</b>	<b>2,172,704</b>	<b>2,734,761</b>
<b>Total Other Debtors</b>	<b>2,584,176</b>	<b>4,707,731</b>
<i><u>Ageing</u></i>		
Current ( 0 - 30 days )	2,066,809	2,592,511
<i><u>Past Due</u></i>		
31 - 60 Days	135,513	78,825
61 - 90 Days	49,022	46,688
91 - 120 Days	46,395	44,439
121 - 150 Days	37,869	51,499
151 - 180 Days	45,491	29,701
181 - 365 Days	411,447	374,041
366 Days - 2 Years	118,204	110,038
2 - 3 Years	63,563	83,472
+ 3 Years	116,067	169,909
<b>Total</b>	<b>3,090,380</b>	<b>3,581,123</b>
At 30 June 2009 consumer debtors of R 105,895 (2008: R 142,250) were past due but not impaired. The age analysis of these consumer debtors are as follows:		
31 - 60 Days	105,895	78,825
61 - 90 Days	-	46,688
91 - 120 Days	-	16,737
<b>Total</b>	<b>105,895</b>	<b>142,250</b>
<i><u>Reconciliation of Collective Provision for Impairment on Other debtors</u></i>		
Balance at beginning of the year	846,362	504,109
Contributions to provision	180,804	409,142
Bad debts written off against provision	(109,490)	(66,889)
Reversal of provision	-	-
<b>Balance at end of year</b>	<b>917,676</b>	<b>846,362</b>

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	2009	2008
	R	R

**21.. OTHER DEBTORS (continued)**

In determining the recoverability of a Consumer Debtor, the municipality considers any change in the credit quality of the Consumer Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

The provision for impairment was calculated after grouping all the financial assets of similar nature and risk ratings and by calculating the historical payment ratios for the groupings and by assuming that the future payment ratios would be similar to the historical payment ratios.

The claims instituted against the municipality's insurance company are supported by valid insurance claims that are claimable in terms of the insurance contract entered into by the municipality. The average waiting period depends on the nature of the claim. No interest is charged on outstanding insurance claims.

The average credit period for government grants and subsidies is dependant on the Government Department involved and the nature of claim. No interest is charged on outstanding government grants and subsidies. The subsidies are payable to the municipality per allocations made in the Division of Revenue Act or based on agreements between the municipality and the relevant departments. Government grants and Subsidies receivable are past due and not impaired as management have no concerns over the credit quality of these assets

The average credit period for other debtors is 30 days. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at prime plus one per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of the other debtors.

Management of the municipality is of the opinion that the carrying value of Other Debtors approximate their fair values.

The fair value of Other Debtors were determined after considering the standard terms and conditions of agreements entered into between the municipality and National/Provincial Departments as well as other sundry debtors. The payment ratios of other debtors were also taken into account for fair value determination.

The provision for impairment on Other Debtors (loans and receivables) exists predominantly due to the possibility that these debts will not be recovered. Loans and receivables were grouped together at the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment.

The total amount of the provision for impairment created is R 4,040,290 (2008: 4,024,865) and the following loans and receivables are included

Consumer Debtors		
Sundry Debtors	3,122,614	3,178,503
	917,676	846,362
<b>Total Allowance for Doubtful Debts on Other Debtors</b>	<b>4,040,290</b>	<b>4,024,865</b>

**22. VAT****Restated**

<b>VAT receivable</b>	<b>3,031,112</b>	<b>1,068,340</b>
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VAT is accounted for on the receipts basis. Only once payment has been received from debtors is VAT paid over to SARS.

**23. PROPERTY RATES****Income****Restated****Actual**

Residential, Commercial, Industrial, Rural and Other	46,409,804	40,445,769
State	1,615,007	1,117,168
Municipal	-	1,628,015
<b>Total Assessment Rates</b>	<b>48,024,811</b>	<b>43,190,952</b>

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009****23.. PROPERTY RATES (continued)****Valuations****Actual**

	July 2009	July 2008
Residential, Commercial, Industrial, Rural and Other	12,968,124,184	4,248,913,394
State	334,576,000	142,124,000
Municipal	-	124,731,000
	<b>13,302,700,184</b>	<b>4,515,768,394</b>

Assessment Rates are levied on the value of land and improvements, less R 15 000 for residential properties, which valuation must be performed every four years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations, consolidations and subdivisions. The last valuation came into effect on 1 July 2008.

Uniform rates of 0,49 (2007/2008: 1.31 c/R) cent in the Rand on land and building valuations were applied to determine assessment rates. A rebate of 40,00 % (2007/2008: 40,00%) was allowed on residential properties for pensioners based on the annual income of the ratepayer whilst a discount of 75 % (2007/2008: 75 %) was granted on properties owned by residence of Jakkalsfontein and Grotto Bay as well as on agricultural land.

Rates are levied annually on property owners. Owners are allowed to pay the annual assessment in 12 monthly instalments, which are payable the last of day of the month. Interest is levied at the prime rate plus 1% on outstanding rates amounts.

	2009 R	2008 R
<b>24. SERVICE CHARGES INCOME</b>		
Sale of electricity	80,935,220	65,711,074
Sale of water	21,508,770	19,391,389
Refuse removal	12,288,191	10,455,921
Sewerage and sanitation charges	15,750,371	14,134,041
<b>Total Service Charges</b>	<b>130,482,552</b>	<b>109,692,425</b>

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

**25. INTEREST EARNED****External Investments:**

Bank Account	1,378,755	1,186,832
Interest earned other	16,948,723	11,681,564
	<b>18,327,478</b>	<b>12,868,396</b>

**Outstanding Debtors:**

Rates	460,928	399,812
Long-term Receivables	20,151	46,075
Consumer Debtors	820,162	715,395
Other Debtors	110,566	90,033
	<b>1,411,807</b>	<b>1,251,315</b>

**Total Interest Earned****Interest Earned on Financial Assets, analysed by category of asset, is as follows:**

		<b>Restated</b>
Available-for-Sale Financial Assets	-	-
Loans and Receivables	19,739,285	14,119,711
	<b>19,739,285</b>	<b>14,119,711</b>
Interest Earned on Non-financial Assets	-	-

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
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	2009 R	2008 R Restated
<b>26. RENTAL OF FACILITIES AND EQUIPMENT</b>		
Rental Revenue from Buildings	283,686	187,952
Rental Revenue from Halls	180,781	162,341
Rental Revenue from Other facilities	1,499,453	1,304,719
<b>Total Rental of Facilities and Equipment</b>	<b>1,963,920</b>	<b>1,655,012</b>

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

<b>27. GOVERNMENT GRANTS AND SUBSIDIES</b>		<b>Restated</b>
Abbotsdale Housing Project	108,358	-
Cleanest Town	42,973	92,954
Community Development: Workers	49,743	23,772
Darling Pedestrian Route	601,982	-
Disaster Fund	147,525	3,104,262
Electricity Riebeek Kasteel/Kalbaskraal	435,975	-
Financial Management Grant	555,830	737,655
Housing Consumer Education Grant	9,337	51,868
Housing: Darling	15,896,118	-
Housing Project : Chatsworth - Transfer Fees	35,696	64,304
Housing: Riebeek Kasteel	1,133,976	1,075,350
Ilinge Lethu Advisory Centre	170,769	178,533
Ilinge Lethu Centre	111,934	127,528
Ilinge Lethu Housing Project	18,254	-
Kalbaskraal Housing Project	75,458	-
Kalbaskraal Housing Project (2)	1,019,078	-
Libraries	460,879	286,427
Malmesbury Saamstaan Housing Project	49,141	1,286
Masibambani: Services	88,000	334,019
Masterplanning: Sewerage and Stormwater	42,000	100,000
Municipal Infrastructure Grant	5,769,838	3,055,556
Municipal Systems Improvement Grant	807,145	319,998
Goedverwacht Sportgrounds	9,350	490,650
Project Preparation Grant	62,000	-
Riebeek Kasteel Extension 3 Housing Project	95,194	-
Riebeek Kasteel: Non Motorised Transport	57,214	-
Riebeek Wes Koinonia Housing Project	173,641	-
Riverlands/Chatsworth Sport	243,715	6,285
Soup Kitchen	15,000	7,878
Spatial Development Framework	22,926	394,131
Upgrading: Polla Park	1,044,918	4,400,164
Vuna Award	105,448	304,188
Proclaimed Roads Subsidies	136,000	132,000
<b>Total Government Grant and Subsidies</b>	<b>29,595,415</b>	<b>15,288,808</b>

**27. 1 Abbotsdale Housing Project**

Balance unspent at beginning of year	114,108	114,108
Current year receipts	-	-
Conditions met - transferred to revenue	(108,358)	-
Conditions met - transferred to sale of land	(5,750)	-
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>-</b>	<b>114,108</b>

The various projects, financed with funds provided by the Department of Housing of the PAWC have all been finalized. Advice is awaited from the Department as to the disposal of the surplus monies still on hand.

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R Restated
<b>27. GOVERNMENT GRANTS AND SUBSIDIES (continued)</b>		
<b>27. 2    <i>Cleanest Town</i></b>		
Balance unspent at beginning of year	110,517	83,471
Current year receipts	60,000	120,000
Conditions met - transferred to revenue	(42,973)	(92,954)
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>127,544</b>	<b>110,517</b>
Prize money for winning the national cleanest town competition.		
<b>27. 3    <i>Community Development: Workers</i></b>		
Balance unspent at beginning of year	36,508	24,280
Current year receipts	48,000	36,000
Conditions met - transferred to revenue	(49,743)	(23,772)
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>34,765</b>	<b>36,508</b>
Funds made available for sundry expenditure and stationery for workers, under the control of the Municipality but remunerated by PAWC.		
<b>27. 4    <i>Darling Pedestrian Route</i></b>		
Balance unspent at beginning of year	601,982	61,982
Current year receipts	-	540,000
Conditions met - transferred to revenue	(601,982)	-
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>-</b>	<b>601,982</b>
Funds provided and partly expended on the construction of a pedestrian walk way in Darling East.		
<b>27. 5    <i>Database Performance Managent</i></b>		
Balance unspent at beginning of year	-	-
Current year receipts	56,000	-
Conditions met - transferred to revenue	-	-
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>56,000</b>	<b>-</b>
Funds provided for the development of a performance management database.		
<b>27. 6    <i>Disaster Fund</i></b>		
Balance unspent at beginning of year	-	-
Current year receipts	1,871,461	2,089,549
Conditions met - transferred to revenue	(147,525)	(3,104,262)
Conditions met - included in debtors	-	1,014,713
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>1,723,936</b>	<b>-</b>
Funds provided and partly expended on flood damage in Moorreesburg and Chatsworth.		
<b>27. 7    <i>Electricity Riebeek Kasteel/Kalbaskraal</i></b>		
Balance unspent at beginning of year	435,975	435,975
Current year receipts	-	-
Conditions met - transferred to revenue	(435,975)	-
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>-</b>	<b>435,975</b>
Funds, administered by the Municipality on behalf of Eskom, in respect of the electrification component of low cost housing projects undertaken.		



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**FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
<b>27. GOVERNMENT GRANTS AND SUBSIDIES (continued)</b>		
<b>27. 8    <i>Financial Management Grant</i></b>		
Balance unspent at beginning of year	24,271	511,926
Current year receipts	500,000	250,000
Conditions met - transferred to revenue	(555,830)	(737,655)
Conditions met - included in debtors	31,559	
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>-</b>	<b>24,271</b>

The purpose of the grant is to enable the Municipality to modernise and improve its financial management activities entailing, among others,

<b>27. 9    <i>Housing Consumer Education Grant</i></b>		
Balance unspent at beginning of year	3,132	-
Current year receipts	70,000	55,000
Conditions met - transferred to revenue	(9,337)	(51,868)
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>63,795</b>	<b>3,132</b>

Funds allocated for educating first time homeowners.

<b>27. 10   <i>Housing: Darling</i></b>		
Balance unspent at beginning of year	2,820,545	-
Current year receipts	19,703,742	2,820,545
Conditions met - transferred to revenue	(15,896,118)	-
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>6,628,169</b>	<b>2,820,545</b>

Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.

<b>27. 11   <i>Housing Project: Chatsworth (Transfer fees)</i></b>		
Balance unspent at beginning of year	35,696	-
Current year receipts	-	100,000
Conditions met - transferred to revenue	(35,696)	(64,304)
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>-</b>	<b>35,696</b>

Funds were provided to fund transfer and surveying cost payable for the exchange of land acquired for low cost housing.

<b>27. 12   <i>Housing Riebeeck Kasteel</i></b>		
Balance unspent at beginning of year	1,133,976	265,337
Current year receipts	-	1,943,989
Conditions met - transferred to revenue	(1,133,976)	(1,075,350)
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>-</b>	<b>1,133,976</b>

The various projects, financed with funds provided by the Department of Housing of the PAWC have all been finalized. Advice is awaited from the Department as to the disposal of the surplus monies still on hand.

<b>27. 13   <i>Ilinge Lethu Advisory Centre</i></b>		
Balance unspent at beginning of year	60,025	98,558
Current year receipts	250,000	140,000
Conditions met - transferred to revenue	(170,769)	(178,533)
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>139,256</b>	<b>60,025</b>

Funds provided to the Municipality to finance the cost of the transformation of the existing inadequate facility serving the township into a suitable community centre.

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
<b>27. GOVERNMENT GRANTS AND SUBSIDIES (continued)</b>		
<b>27. 14 Ilinge Lethu Multipurpose Centre</b>		
Balance unspent at beginning of year	33,587	161,115
Current year receipts	127,500	-
Conditions met - transferred to revenue	(111,934)	(127,528)
	-	-
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>49,153</b>	<b>33,587</b>
Funds provided to the Municipality to finance the cost of the transformation of the existing inadequate facility serving the township into a suitable community centre.		
<b>27. 15 Ilinge Lethu Housing Project</b>		
Balance unspent at beginning of year	18,254	18,254
Current year receipts	-	-
Conditions met - transferred to revenue	(18,254)	-
	-	-
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>-</b>	<b>18,254</b>
The various projects, financed with funds provided by the Department of Housing of the PAWC have all been finalized. Advice is awaited from the Department as to the disposal of the surplus monies still on hand.		
<b>27. 16 Kalbaskraal Housing Project</b>		
Balance unspent at beginning of year	75,458	75,458
Current year receipts	-	-
Conditions met - transferred to revenue	(75,458)	-
	-	-
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>-</b>	<b>75,458</b>
The various projects, financed with funds provided by the Department of Housing of the PAWC have all been finalized. Advice is awaited from the Department as to the disposal of the surplus monies still on hand.		
<b>27. 17 Kalbaskraal Housing Project (2)</b>		
Balance unspent at beginning of year	1,019,078	45,820
Current year receipts	-	973,258
Conditions met - transferred to revenue	(1,019,078)	-
	-	-
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>-</b>	<b>1,019,078</b>
Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.		
<b>27. 18 Libraries</b>		
Balance unspent at beginning of year	-	-
Current year receipts	460,052	286,427
Conditions met - transferred to revenue	(460,879)	(286,427)
Conditions met - included in debtors	827	-
	-	-
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>-</b>	<b>-</b>
Funds provided for salaries of additional contract workers appointed at the libraries in the area under the jurisdiction of the Swartland Municipality as well as the maintenance of the library buildings.		

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
<b>27. GOVERNMENT GRANTS AND SUBSIDIES (continued)</b>		
<b>27. 19 Malmesbury Saamstaan Housing Project</b>		
Balance unspent at beginning of year	49,141	50,427
Current year receipts	-	-
Conditions met - transferred to revenue	(49,141)	(1,286)
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>-</b>	<b>49,141</b>
The various projects, financed with funds provided by the Department of Housing of the PAWC have all been finalized. Advice is awaited from the Department as to the disposal of the surplus monies still on hand.		
<b>27. 20 Masibambani</b>		
Balance unspent at beginning of year	-	85,019
Current year receipts	88,000	249,000
Conditions met - transferred to revenue	(88,000)	(334,019)
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>-</b>	<b>-</b>
Funds provided for the compiling of masterplans.		
<b>27. 21 Masterplanning</b>		
Balance unspent at beginning of year	-	-
Current year receipts	42,000	100,000
Conditions met - transferred to revenue	(42,000)	(100,000)
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>-</b>	<b>-</b>
Funds provided for the compiling of masterplans.		
<b>27. 22 Municipal Infrastructure Grant</b>		
Balance unspent at beginning of year	-	183,733
Current year receipts	5,769,838	2,871,823
Conditions met - transferred to revenue	(5,769,838)	(3,055,556)
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>-</b>	<b>-</b>
Funds made available to the Municipality for the upgrading of existing infrastructure in its area of jurisdiction and/or the erection/construction of new amenities required for service delivery.		
<b>27. 23 Municipal Systems Improvement Grant</b>		
Balance unspent at beginning of year	414,002	-
Current year receipts	735,000	734,000
Conditions met - transferred to revenue	(807,145)	(319,998)
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>341,857</b>	<b>414,002</b>
The purpose of the grant is to enable the Municipality to modernise and improve its financial management activities entailing, among others, the		
<b>27. 24 Goedgezicht Sportgrounds</b>		
Balance unspent at beginning of year	9,350	500,000
Current year receipts	-	-
Conditions met - transferred to revenue	(9,350)	(490,650)
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>-</b>	<b>9,350</b>
Funds provided to the Municipality to finance the cost of the transformation of the existing inadequate sport facilities.		

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
<b>27. GOVERNMENT GRANTS AND SUBSIDIES (continued)</b>		
<b>27. 25 Project Preparation Grant</b>		
Balance unspent at beginning of year	62,000	-
Current year receipts	-	62,000
Conditions met - transferred to revenue	(62,000)	-
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>-</b>	<b>62,000</b>
Funds provided to the Municipality to finance the cost of the preparation of plans for new housing projects.		
<b>27. 26 Riebeek Kasteel Extension 3 Housing Project</b>		
Balance unspent at beginning of year	95,194	95,194
Current year receipts	-	-
Conditions met - transferred to revenue	(95,194)	-
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>-</b>	<b>95,194</b>
The various projects, financed with funds provided by the Department of Housing of the PAWC have all been finalized. Advice is awaited from the Department as to the disposal of the surplus monies still on hand.		
<b>27. 27 Riebeek Kasteel: Non Motorised Transport</b>		
Balance unspent at beginning of year	57,214	57,214
Current year receipts	-	-
Conditions met - transferred to revenue	(57,214)	-
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>-</b>	<b>57,214</b>
Funds appropriated for and utilized on the construction of pavements and pedestrian walk ways in Riebeek Kasteel town.		
<b>27. 28 Riebeek Wes Koinonia Housing Project</b>		
Balance unspent at beginning of year	173,641	173,641
Current year receipts	-	-
Conditions met - transferred to revenue	(173,641)	-
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>-</b>	<b>173,641</b>
The various projects, financed with funds provided by the Department of Housing of the PAWC have all been finalized. Advice is awaited from the Department as to the disposal of the surplus monies still on hand.		
<b>27. 29 Riverlands/Chatsworth Sport</b>		
Balance unspent at beginning of year	243,715	250,000
Current year receipts	-	-
Conditions met - transferred to revenue	(243,715)	(6,285)
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>-</b>	<b>243,715</b>
Approval had been obtained from the relevant authority to utilize the funds allocated for the establishment of sport facilities at Riverlands and Chatsworth for the financing of the same kind of facilities at Kalbaskraal, as no land could be made available for the said purpose at the forenamed towns.		
<b>27. 30 Soup Kitchen</b>		
Balance unspent at beginning of year	15,000	7,878
Current year receipts	-	15,000
Conditions met - transferred to revenue	(15,000)	(7,878)
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>-</b>	<b>15,000</b>
The available allocated funds was, except for an unspent balance at year end, spent on the purchase of food stuff/ingredients in order to provide meals to poor inhabitants of the municipal area.		

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
<b>27. GOVERNMENT GRANTS AND SUBSIDIES (continued)</b>		
<i>27. 31 Spatial Development Framework</i>		
Balance unspent at beginning of year	22,926	297,057
Current year receipts	-	120,000
Conditions met - transferred to revenue	(22,926)	(394,131)
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>-</b>	<b>22,926</b>

Financial aid provided to support the Municipality with the process of the drafting of spatial

<i>27. 32 Upgrading: Polla Park Township</i>		
Balance unspent at beginning of year	1,044,918	235,889
Current year receipts	-	5,209,193
Conditions met - transferred to revenue	(1,044,918)	(4,400,164)
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>-</b>	<b>1,044,918</b>

Funds allocated and expended in connection with the installation of services and the construction of sanitary conveniences.

<i>27. 33 Vuna Award</i>		
Balance unspent at beginning of year	45,812	-
Current year receipts	2,750,000	350,000
Conditions met - transferred to revenue	(105,448)	(304,188)
Previous year's expenditure - transferred to debtors	(635,228)	-
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>2,055,136</b>	<b>45,812</b>

Prize money for winning the Vuna Award.

<i>27. 34 Proclaimed Roads Subsidies</i>		
Balance unspent at beginning of year	-	-
Current year receipts	136,000	132,000
Conditions met - transferred to revenue	(136,000)	(132,000)
<b>Conditions still to be met transferred to liabilities (see note 10)</b>	<b>-</b>	<b>-</b>

Expenditure incurred by the Municipality in connection with the maintenance of proclaimed main roads falling under the jurisdiction of the Municipality, in accordance with a budget approved by the PAWC, which costs is partly recoverable from the Administration.

*27. 35 Changes in levels of government grants*

Based on the allocations set out in the Division of Revenue Act, (Act 1 of 2005), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

**28. OTHER INCOME****Restated**

Included in other income is the following:-

Admission Fees: Malmesbury	98,350	92,826
Application: Service Connections	166,002	153,197
Blockages: Sewerage	76,778	-
Cancellation Fee: Sale of Erven	281,500	-
Capital Contribution (Developers): Actual	-	287,627
Capital Contribution (Developers): Fixed	1,882,231	2,413,970
Cemetery Fees: Darling	62,997	58,171
Cemetery Fees: Malmesbury	181,432	139,878
Cemetery Fees: Moorreesburg	116,109	94,952
Clearance Certificates	-	88,824
Credit Card Cost: Recoverable	70,653	-
Efficiency Development	291,618	189,148
Entrance Fees Boats	238,264	240,746

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	Restated 2008 R
<b>28.. OTHER INCOME (continued)</b>		
Excess Payment: Insurance Claims	307,022	-
Industrial Sewerage	637,450	534,097
Insurance Claims	-	2,568,765
New Connections	1,466,176	1,613,433
Photostats	91,136	83,010
Plan fees: Buildings	617,437	1,033,230
Rates: Lessees	97,651	-
Refuse Coupons: Malmesbury	113,371	82,894
Refuse Coupons: Moorreesburg	65,825	69,969
Selling: Purified Sewerage Water	336,635	330,351
Street Entrances and Pavements	51,344	60,040
Subdivisions	-	72,674
Sundries	308,620	179,352
Tampering Fees	-	136,000
Valuation Certificates	-	64,221
Housing Scheme/Private Organisations Loan Instalments	330,931	496,439
Other (less than 50 000)	846,482	776,773
<b>Total Other Income</b>	<b>8,736,014</b>	<b>11,860,587</b>

The amounts disclosed above for Other Income are in respect of services rendered, other than described in Notes 23 and 24, which are billed to or paid for by the users according to approved tariffs.

**29. EMPLOYEE RELATED COSTS**

Employee related costs - Salaries and Wages	45,726,576	38,947,368
Employee related costs - Contributions for UIF, pensions and medical aids	12,050,058	10,669,236
Travel, motor car, accommodation, subsistence and other allowances	5,518,637	4,800,702
Housing benefits and allowances	589,969	508,995
Overtime payments	2,883,163	2,553,958
Bonuses: 13th Cheque	3,058,700	2,965,208
Long-service awards	-	-
Contribution to Leave Gratuity	944,793	1,078,131
Contribution to provision for post- retirement medical aid benefits	3,142,110	2,479,421
Contribution to long-service provision	1,161,052	244,638
<b>Total Employee Related Costs</b>	<b>75,075,058</b>	<b>64,247,657</b>

No advances were made to employees. Loans to employees are set out in note 17.

***Remuneration of the Municipal Manager***

Annual Remuneration	703,841	638,180
Car Allowance	168,652	135,210
Long-service award	3,200	-
Other	10,684	9,687
Contributions to UIF, Medical and Pension Funds	170,022	147,837
<b>Total</b>	<b>1,056,399</b>	<b>930,914</b>

***Remuneration of the Chief Finance Officer***

Annual Remuneration	395,140	380,384
Car Allowance	190,205	129,372
13 th Cheque	32,928	31,699
Long-service award	51,296	-
Leave Pay	47,445	38,691
Other	6,016	5,790
Contributions to UIF, Medical and Pension Funds	108,609	105,293
<b>Total</b>	<b>831,639</b>	<b>691,229</b>

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009****29.. EMPLOYEE RELATED COSTS (continued)***Remuneration of Individual Executive Directors***30 June 2009**

	<b>Corporate Services</b>	<b>Civil Engineering Services</b>	<b>Electrical Engineering Services</b>	<b>Development Services</b>	<b>Protection Services</b>
Annual Remuneration	355,838	450,310	371,495	453,335	385,525
Car Allowance	142,808	87,582	172,817	101,307	189,748
Long-service award	-	14,511	5,179	145,412	-
13 th Cheque	30,001	-	30,958	-	-
Leave Pay	19,731	-	-	-	21,913
Acting Allowance	2,711	-	-	-	-
Other	5,858	6,850	5,659	6,896	5,871
Contributions to UIF, Medical and Pension Funds	74,781	106,388	109,132	122,862	101,035
<b>Total</b>	<b>631,728</b>	<b>665,641</b>	<b>695,240</b>	<b>829,812</b>	<b>704,092</b>

**30 June 2008**

	<b>Corporate Services</b>	<b>Civil Engineering Services</b>	<b>Electrical Engineering Services</b>	<b>Community Services</b>	<b>Protection Services</b>
Annual Remuneration	297,900	389,495	352,195	366,920	359,965
Car Allowance	143,157	86,061	125,840	97,723	117,585
Long-service award	-	-	14,088	-	-
13 th Cheque	-	-	29,350	30,577	29,997
Leave Pay	-	-	-	35,856	18,005
Acting Allowance	-	3,474	-	-	-
Other	4,543	5,928	5,363	5,586	5,481
Contributions to UIF, Medical and Pension Funds	68,077	93,012	102,103	100,232	93,585
<b>Total</b>	<b>513,677</b>	<b>577,970</b>	<b>628,939</b>	<b>636,894</b>	<b>624,618</b>

**2009**  
**R**

**2008**  
**R**

The following accrued to key management personnel in terms of IAS 19 as at 30 June:

***Post Retirement Medical Aid Benefit Liability:***

Municipal Manager	80,562	54,091
Chief Financial Officer	71,628	72,784
Executive Director: Corporate Services	52,194	11,060
Executive Director: Civil Engineering Services	123,062	99,056
Executive Director: Electrical Engineering Services	69,226	143,619
Executive Director: Development Services	128,205	119,492
Executive Director: Protection Services	64,538	67,849
<b>Total</b>	<b>589,415</b>	<b>567,951</b>

***Long Service Awards Liability***

Municipal Manager	67,634	39,491
Chief Financial Officer	51,172	23,132
Executive Director: Corporate Services	40,470	2,250
Executive Director: Civil Engineering Services	31,742	17,967
Executive Director: Electrical Engineering Services	32,767	16,108
Executive Director: Development Services	31,707	16,925
Executive Director: Protection Services	46,731	23,690
<b>Total</b>	<b>302,223</b>	<b>139,563</b>

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
<b>29. EMPLOYEE RELATED COSTS (continued)</b>		
<i>Staff leave</i>		
Municipal Manager	161,968	123,884
Chief Financial Officer	45,046	53,329
Executive Director: Corporate Services	12,119	3,575
Executive Director: Civil Engineering Services	123,438	92,747
Executive Director: Electrical Engineering Services	98,862	78,230
Executive Director: Community Services	115,147	112,278
Executive Director: Protection Services	49,393	56,198
<b>Total</b>	<b>605,973</b>	<b>520,241</b>
<b>30. REMUNERATION OF COUNCILLORS</b>		
Executive Mayor	321,930	289,732
Deputy Executive Mayor	255,600	228,780
Speaker	255,600	228,780
Mayoral Committee Members	696,150	640,629
Councillors	1,209,983	1,069,604
Councillor's - pension contribution	411,160	368,633
Councillor's - medical aid contribution	343,973	345,600
Councillor's - travelling allowances	1,164,665	1,057,255
Councillor's - telephone allowances	234,039	212,232
<b>Total Councillors - Remuneration</b>	<b>4,893,100</b>	<b>4,441,245</b>
<b>In-kind Benefits</b>		
The Councillors occupying the positions of Executive Mayor, Deputy Executive Mayor, Speaker and Executive Mayoral Committee Members of the Municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the Municipality in order to enable them to perform their official duties.		
<b>31. DEPRECIATION AND AMORTISATION</b>		
Depreciation: Property, Plant and Equipment (Refer note 14)	18,535,477	15,491,351
Amortisation: Intangible Assets (Refer note 15)	18,439	11,964
Depreciation: Investment Property (Refer note 16)	50,850	50,850
<b>Total Depreciation and Amortisation</b>	<b>18,604,766</b>	<b>15,554,165</b>
<b>32. INTEREST PAID</b>		
Long-term liabilities (Refer note 4)	5,149,770	3,551,095
Finance Leases (Refer note 4)	201,682	120,363
<b>Total Interest on External Borrowings</b>	<b>5,351,452</b>	<b>3,671,458</b>
<b>33. BULK PURCHASES</b>		
Electricity	46,572,082	33,937,063
Water	13,212,367	11,843,780
<b>Total Bulk Purchases</b>	<b>59,784,449</b>	<b>45,780,843</b>

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom whilst water is purchased from the West Coast District Municipality.



**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
<b>34. GRANTS AND SUBSIDIES PAID</b>		
* Darling Focus	40,000	40,000
* Huis van Heerde	25,000	25,000
SPCA	168,540	168,540
* Elkana Childcare	40,000	-
* Multipurpose Centre: Chatsworth	-	-
* Multi Purpose Centre: Illinge Lethu	66,442	54,579
* Multi Purpose Centre: Kalbaskraal	994	1,232
* Multi Purpose Centre: Moorreesburg	40,000	40,000
Museum - Malmesbury	36,900	34,122
Museum - Darling	36,900	36,170
Museum - Oude Kerk	36,900	36,170
Museum - Wheat Industry	36,900	36,170
National Sea Rescue Institute	26,316	-
* Night Shelter	25,000	25,000
* "Ons Kan" Training Centre	20,000	-
Tourism Swartland and Coastal Area	560,446	637,558
Yzerfontein Conservancy	50,000	50,000
<b>Total Grants and Subsidies</b>	<b><u>1,210,338</u></b>	<b><u>1,184,541</u></b>

Due to the need in the Swartland Municipal area for expert services and resources to support effective domestic animal management initiatives and controls, for which the Municipality do not have the resources, it is deemed necessary, from a perspective of serving the community, for the Municipality to contribute financially towards the operational costs of the SPCA.

\*

The aim of **these organisations** entails the social upliftment of the poor and disadvantaged section of the community. Financial aid by the Municipality to these organisations, as well as assistance in counselling and advisory services, is intended to enable them to fulfil the said aim.

**Museums** generally do not generate sufficient income from own resources and are, therefore, dependant on financial aid from the public and organisations to meet their financial needs and obligations. The Municipality, consequently, regards it appropriate to contribute financially to this end.

Aware of the importance of the promotion of tourism in the area falling under the Municipality, the Council deems it their duty and privilege to assist financially towards the needs of the various **tourism bureau's** serving the area.

The **Yzerfontein Urban Conservancy** came into being to preserve and promote, on a voluntary basis, the conservation of the environment and heritage in, specifically, the sensitive coastal region within the boundaries of the Yzerfontein Local Nature Reserve. Financial assistance by the Municipality is intended to enable the Organisation to fund its programmes.

**35. RESEARCH AND DEVELOPMENT COSTS**

Electricity	-	137,719
Water	101,611	443,852
Sewerage	51,796	-
General	61,404	267,750
<b>Total Research and Development Costs</b>	<b><u>214,811</u></b>	<b><u>849,321</u></b>

Research and Development Costs disclosed above, have been expensed immediately and are in respect of research into the future needs of the municipality and new resources to fulfil these needs.

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R Restated
<b>36. GENERAL EXPENSES</b>		
Included in general expenses is the following:-		
Administration Costs: Vehicles	79,202	79,214
Advertisements	463,540	430,232
Allowances: Ward Committee	25,281	49,054
Audit Committee Expenditure	28,891	38,219
Audit Costs	1,060,081	734,696
Bank costs	474,068	355,015
Chemicals	816,591	541,874
Commission	985,773	884,885
Connection Fees	1,537,115	1,259,164
Consumables	450,327	449,436
Delegations/Congresses	77,414	72,202
Disaster Management	236,994	80,490
Efficiency Development	531,669	463,636
Entertainment	41,161	36,345
Evaluation of Posts	3,531	66,653
Fuel and Oil	4,009,413	3,470,838
Operating Lease Expenditure	256,092	632,341
Infrastructure: Asset Stocktake	-	-
Infrastructure: Civil Survey	-	268,633
Insurance	896,505	851,155
Inventory: Tools and Equipment	47,617	68,709
Job Creation	-	-
LED Projects: Red Door	115,184	572,745
Legal Fees	497,552	187,333
Licenses: Computer Systems	1,106,789	1,017,723
Masterplanning: Services	214,811	849,321
Mayor Expenses	24,796	30,074
Membership Fees: Council	200,185	213,612
Postage	604,829	548,926
Printing and Stationery	610,445	549,342
Projects	508,822	408,300
Protective Clothing	632,071	616,712
Refreshments: Offices	97,918	75,912
Rental of Facilities and Hiring of Equipment	632,992	613,198
Security Services	840,362	629,137
Subscriptions	109,621	110,206
Telecommunications	1,291,375	1,208,925
Test Station Inspection Fees	15,919	37,934
Testing Sewerage	178,508	132,562
Traffic Fines	1,872,518	2,567,937
Training	186,731	224,382
Travelling Costs	461,707	332,189
Youth Camp (Africa Union)	427,310	340,999
Departmental Rates and Service Charges	4,397,145	4,860,816
Government Grant Expenditure	16,344,845	11,532,787
Other	6,441,506	5,325,611
<b>Total General Expenses</b>	<b>49,835,206</b>	<b>43,819,474</b>

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense.

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009****37. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY****(a) Previous periods appropriations and transactions**

A number of errors in prior periods' appropriations and transactions were discovered and corrected in the current financial period. These errors include faulty meter readings and levies in respect of service charges as well as the writing back of staled cheques.

These corrections have been applied retrospectively and the effects thereof are as follows:

	Note	Total of correction 2008
<b>Decrease / (increase) in Revenue (Previous years' appropriations and transactions)</b>		<b>242,781</b>
Property rates	23	107,212
Service charges	24	210,963
Rental of facilities and equipment	26	(500)
Interest earned - cash deposits	25	17,330
Other revenue (Housing)	28	1,535
Other revenue	28	(93,759)
<b>(Decrease) / increase in Expenditure (Previous years' appropriations and transactions)</b>		
Repairs and maintenance		(17,320)
General expenses (other)		(299,617)
<b>Decrease/(Increase) in surplus for the year ended 30 June 2008</b>		<b>(74,156)</b>
<b>Increase in VAT (receivable)</b>	<b>22</b>	<b>17,320</b>
<b>(Increase) in Other creditors</b>	<b>9</b>	<b>282,287</b>
<b>Increase/(decrease) in Consumer debtors</b>		<b>(319,710)</b>
Rates	20	(107,212)
Electricity	20	(111,247)
Water	20	(86,935)
Sewerage	20	(8,640)
Refuse removal	20	(4,141)
Housing rentals	20	(1,535)
<b>Increase/(decrease) in Other Debtors</b>		
Sundry debtors	21	94,259

**(b) Fair value adjustment of long- term loan**

During prior periods, a loan to the ACVV had incorrectly been accounted for by applying a non market-related interest rate. The fair value of the loan was subsequently determined by applying the weighted average cost of borrowings of the municipality as the effective interest rate, and the carrying amount of the loan was adjusted to fair value. This correction has been applied retrospectively and the effect thereof is as follows:

<b>Decrease/(increase) in Accumulated surplus 30 June 2007 (opening balance 07/08)</b>		<b>297,254</b>
<b>Decrease in Assets</b>		<b>(270,936)</b>
Long-term receivables	17	(244,737)
Current portion of long-term receivables	17	(26,199)
<b>(Increase) in Revenue</b>		
Interest earned - outstanding debtors	25	(26,318)

**(c) Planning fees incorrectly capitalised**

During the 2007/08 financial period, an amount relating to planning fees was erroneously capitalised as part of the cost of Property, Plant and Equipment. This error has been corrected retrospectively and the effect thereof is as follows:

<b>(Decrease) in Assets</b>		
Property, Plant and Equipment	14	(468,700)
<b>Increase in Expenditure</b>		
General expenses (other)	36	468,700

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009****37.. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)****(d) Retention money incorrectly capitalised**

Prior to the 2007/2008 financial period, an amount relating to retention fees was erroneously capitalised as part of the cost of Property, Plant and Equipment. This error has been corrected retrospectively and the effect thereof is as follows:

<b>Decrease/(increase) in Accumulated surplus 30 June 2007 (opening balance 2007/2008)</b>		<b>(24,058)</b>
<b>(Decrease) in Assets</b>		<b>(213,622)</b>
<i>Property, Plant and Equipment at cost</i>	<b>14</b>	(237,680)
<i>Accumulated depreciation</i>	<b>14</b>	24,058
<b>Decrease in Creditors</b>		
<i>Retentions</i>	<b>9</b>	237,680

**(e) Accounting for Government Grants**

IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, was included in the accounting framework for municipalities in 2007/08. However in terms of the ASB's Directive 5 of 2009, IAS 20 is no longer included in their accounting framework. A change in accounting policy has therefore occurred and GRAP 9.44 is being applied, which states that until such time as the GRAP 23 on Non-exchange Revenue (Taxes and Transfers) is effective, the relevant paragraphs of GAMAP 9 regarding government grants (paragraphs .42 to .49, .61(b) and 62 (a) & (b)) will form part of GRAP 9.

This change in accounting policy has been applied retrospectively and the effects thereof are as follows:

<b>(Increase) in Accumulated surplus 30 June 2007 (opening balance 2007/2008)</b>		<b>(55,040,584)</b>
<b>Decrease in Liabilities</b>		<b>64,795,840</b>
<i>Deferred income</i>		60,274,959
<i>Current portion of deferred income</i>		4,520,881
<b>(Increase) in Revenue</b>		
<i>Conditional Government grants and subsidies</i>		(9,755,256)

**(f) Housing Development Fund**

At 30 June 2008, all internal funds and reserves were reported under Accumulated Surplus. However, as the Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997), the decision was made that this fund will be reported separate from the other internal funds and reserves which are ring-fenced within the Accumulated Surplus.

This change in accounting policy has been applied retrospectively and the effects thereof are as follows:

<i>(Increase)/decrease in Housing Development Fund (opening balance 2007/2008)</i>	<b>(3,699,736)</b>
<i>Decrease in Accumulated surplus 30 June 2007 (opening balance 2007/2008)</i>	<b>3,699,736</b>

**(g) Disclosure note - Interest earned**

During the 2007/08 financial period, the total amount in the disclosure note setting out interest earned by category of financial assets was incorrectly disclosed. The subsequent correction of the amount only affects the disclosure note and not the amount of interest earned per the Statement of Financial Performance. This error has been corrected retrospectively, and the effect thereof on the disclosure note is as follows:

<b>Increase in 'Interest Earned on Financial Assets, analysed by category of asset', is as follows:</b>	<b>6,343,118</b>
<i>Loans and receivables</i>	6,343,118
<i>Held-to-Maturity Investments</i>	-

**(h) Land Inventory disposals**

During prior periods, unsold properties held for resale were erroneously included in the balance of Inventories reported, while these properties had already been disposed of. This error has been corrected retrospectively, and the effect thereof is as follows:

<b>(Increase)/decrease in Accumulated surplus 30 June 2007 (opening balance 07/08)</b>	<b>200,250</b>
<b>Decrease in Inventory (opening balance 07/08)</b>	<b>200,250</b>

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009****37.. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)****(i) Traffic Fines Revenue**

During the 2007/08 and 2008/09 period, estimates of traffic fines revenue (accruals) were made at year-end. These estimates are reversed when actual revenue is accounted for in the following year. This estimate was however not made prior to the 2007/08 financial year, and subsequently no reversal of the estimate took place during the 2007/08 financial period. Traffic revenue of 2008/09 and the comparative year was therefore not comparable. In order to correct this error, an estimate of the accrual as at 30 June 2007 was made. This error has been corrected retrospectively and the effects thereof are as follows:

Increase in Accumulated Surplus 30 June 2007 (opening balance 2007/2008)		(2,383,121)
<b>Decrease / (increase) in Revenue</b>		<b>2,383,121</b>
<i>Fines</i>		<b>2,383,121</b>
<b>Increase/(decrease) in Other debtors</b>		<b>(2,383,121)</b>
<i>Traffic fines</i>		<b>(2,383,121)</b>

**(j) Intangible assets - Valuation roll**

During prior periods the municipality had recognised the Valuation Roll as an Intangible asset which is not in accordance with GRAP. This error has been corrected retrospectively and the effects thereof are as follows:

<b>Decrease in Accumulated surplus 30 June 2007 (opening balance 2007/2008)</b>		<b>982,944</b>
<b>Increase in Expenditure</b>		
<i>General expenses (Valuation roll)</i>	<b>36</b>	1,246,989
<b>(Decrease) in Assets</b>		<b>(2,229,933)</b>
<i>Intangible assets</i>	<b>15</b>	<b>(2,229,933)</b>
<i>Accumulated amortisation</i>	<b>15</b>	-

**(k) Land Inventory value**

During prior financial periods, an unsold property held for resale was erroneously included in the balance of Inventories reported at its municipal value and not at cost, as is required. This error has been corrected retrospectively, and the effect thereof is as follows:

<b>(Increase)/decrease in Accumulated surplus 30 June 2007 (opening balance 07/08)</b>		<b>64,000</b>
<b>Decrease in Inventory (opening balance 07/08)</b>		<b>(64,000)</b>

**(l) Interest on long- term liabilities**

During the prior periods the municipality had not recognised interest accrued on long term liabilities for the period 1/4/2008 to 30/6/2008. This error has been corrected retrospectively and the effects thereof are as follows:

<b>Increase in Expenditure</b>		
<i>Interest paid (long term liabilities)</i>	<b>32</b>	105,319
<b>(Increase) in Liabilities</b>		
<i>Long term liabilities (Annuity loans)</i>	<b>4</b>	(105,319)

**(m) Accounting for Property, Plant and Equipment**

During the prior period the municipality had utilized the exemption granted by the Minister of Finance in terms of General Notice 522 of 2007, regarding compliance with requirements of IAS 36: Impairment of Assets and certain requirements of GAMAP 17: Property, Plant and Equipment (impairment, the review of the useful life and assessment of the depreciation method of recognised assets).

IAS 36 and GRAP 17 was implemented during the 2008/2009 financial period.

**SWARTLAND MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**37.. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)**

*(m) Accounting for Property, Plant and Equipment (continued)*

The municipality had embarked on a project for the unbundling of its Infrastructure assets, and during the current year the consulting engineers, AURECON, finalised the process of itemising and valuing assets in order to comply with MFMA Circular 18 of 2005, and the Guidelines on implementation of approved standards of generally recognised accounting practice of 2005. The fair value of assets were determined using the depreciated replacement cost approach. In consultation with National Treasury it was established that the fair values determined is not a revaluation, but a deemed cost to be depreciated during the remaining useful lives of these assets.

Impairment and the remaining useful lives of assets were also taken into consideration by the consulting engineers during the process of identifying and unbundling of Infrastructure assets and included in the Depreciated Replacement Cost calculated during the exercise. The amounts for Impairment were not calculated separately and therefore no impaired values of Infrastructure assets are disclosed.

*(n) Accounting for Investment Property*

During the prior period the municipality had utilized the exemption granted by the Minister of Finance in terms of General Notice 522 of 2007, regarding compliance with certain requirements of IAS 40: Investment Property. The fair values of Investment Properties had been determined as at 30 June 2009 and the implementation of GRAP 16 during the financial period only affects the disclosure of these fair values in the notes to the financial statements. No prior period amounts are therefore restated.

*(o) Accounting for Revenue*

During the prior period the municipality had utilized the exemption granted by the Minister of Finance in terms of General Notice 522 of 2007, regarding compliance with certain requirements of GAMAP 9: Revenue. The municipality did not enter into transactions where interest free credit period was provided to the purchaser of services or goods from the municipality and therefore the implementation of GRAP 9 during the financial period did not require the restatement of any prior period amounts.

As a result of the above errors and changes in accounting policies, prior period revenue, expenditure and net asset transfer amounts are restated as follows:

	Note	Previously reported	Amount of correction	Restated
<b>REVENUE</b>				
<i>Property rates</i>	23	43,298,164	(107,212)	43,190,952
<i>Service charges</i>	24	109,903,388	(210,963)	109,692,425
<i>Rental of facilities and equipment</i>	26	1,654,512	500	1,655,012
<i>Interest earned - cash deposits</i>	25	12,885,726	(17,330)	12,868,396
<i>Interest earned - outstanding debtors</i>	25	1,224,997	26,318	1,251,315
<i>Fines</i>		6,711,635	(2,383,121)	4,328,514
<i>Licences and permits</i>		2,672,475	-	2,672,475
<i>Income for agency services</i>		2,347,840	-	2,347,840
<i>Conditional Government grants and subsidies</i>	27	5,533,552	9,755,256	15,288,808
<i>Unconditional Government and other grants</i>		14,844,952	-	14,844,952
<i>Other revenue</i>	28	11,768,363	92,224	11,860,587
<b>Other income:</b>				
<i>Gains on disposal of property, plant and equipment</i>		62,165	-	62,165
<b>Profit on Sale of Land</b>		<b>44,350,738</b>	<b>-</b>	<b>44,350,738</b>
<i>Gross proceeds on sale of land</i>		45,036,616	-	45,036,616
<i>Carrying amount of land sold</i>		685,878	-	685,878
<b>Increase/(Decrease) in Revenue</b>		<b>257,258,507</b>	<b>7,155,672</b>	<b>264,414,179</b>
<b>EXPENDITURE</b>				
<i>Employee related costs</i>	29	64,247,657	-	64,247,657
<i>Remuneration of Councillors</i>	30	4,441,245	-	4,441,245
<i>Impairment loss</i>	20/21	1,540,636	-	1,540,636
<i>Depreciation and Amortisation</i>	31	15,554,160	-	15,554,160
<i>Repairs and maintenance</i>		10,192,824	(17,320)	10,175,504
<i>Interest paid</i>	32	3,566,139	105,319	3,671,458
<i>Bulk purchases</i>	33	45,780,843	-	45,780,843
<i>Contracted services</i>		2,055,778	-	2,055,778
<i>Grants and subsidies paid</i>	34	1,184,541	-	1,184,541
<i>General expenses</i>	36	42,403,402	1,416,072	43,819,474
<b>Increase/(Decrease) in Expenditure</b>		<b>190,967,225</b>	<b>1,504,071</b>	<b>192,471,296</b>
<b>Increase/(Decrease) in surplus for the year ended 30 June 2008</b>		<b>66,291,282</b>	<b>5,651,601</b>	<b>71,942,883</b>

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009****37.. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)**

	Previously reported	Amount of correction	Restated
Increase/(decrease) in Housing development Fund movement for the year	-	(1,530,960)	(1,530,960)
Increase/(decrease) in Accumulated Surplus movement for the year	-	1,530,960	1,530,960

**(i) Adjustment of opening balances****NET ASSETS**

<b>* Accumulated Surplus 1 July 2007</b>	<b>261,230,727</b>	<b>52,203,579</b>	<b>313,434,306</b>
<i>Fair value adjustment of long- term loan</i>		(297,254)	
<i>Depreciation on capitalisation of retention fees</i>		24,058	
<i>Accounting for Government Grants i.t.o. GRAP 9</i>		55,040,584	
<i>Reporting of Housing Development Fund</i>		(3,699,736)	
<i>Inventory (property) disposals</i>		(200,250)	
<i>Inventory (property) value</i>		(64,000)	
<i>Valuation roll expensed</i>		(982,944)	
<i>Traffic fines estimate</i>		2,383,121	
<b>* Housing Development Fund 1 July 2007</b>	<b>-</b>	<b>3,699,736</b>	<b>3,699,736</b>

**LIABILITIES**

<b>* Deferred income 1 July 2007</b>			
<i>Accounting for Government Grants i.t.o. GRAP 9</i>	51,019,517	(51,019,517)	-
<b>* Current portion of deferred income 1 July 2007</b>			
<i>Accounting for Government Grants i.t.o. GRAP 9</i>	4,021,067	(4,021,067)	-
<b>* Creditors 1 July 2007</b>	<b>29,986,308</b>	<b>(237,680)</b>	<b>29,748,628</b>
<i>Retentions</i>	1,391,660	(237,680)	1,153,980

**ASSETS**

<b>* Long-term receivables 1 July 2007</b>			
<i>Fair value adjustment of long- term loan</i>	907,664	(297,254)	610,410
<b>* PPE 1 July 2007</b>	<b>246,916,020</b>	<b>213,622</b>	<b>247,129,642</b>
<i>Cost</i>	1,072,311,400	237,680	1,072,549,080
<i>Accumulated depreciation</i>	(825,395,380)	(24,058)	(825,419,438)
<b>* Inventories 1 July 2007</b>	<b>6,294,342</b>	<b>(264,250)</b>	<b>6,030,092</b>
<i>Unsold properties held for resale</i>		(200,250)	
		(64,000)	
<b>* Intangible assets 1 July 2007</b>	<b>1,013,637</b>	<b>982,944</b>	<b>30,693</b>
<i>Cost</i>	1,034,098	982,944	51,154
<i>Accumulated amortisation</i>	(20,461)	-	(20,461)
<b>* Increase/(decrease) in Other debtors</b>		<b>2,383,121</b>	
<i>Traffic fines</i>		2,383,121	

**Total effect of adjustments to opening balances 1 July 2007****-****(ii) Adjustment against surplus for the year ended 30 June 2008**

	<b>66,291,282</b>	<b>5,651,601</b>	<b>71,942,883</b>
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**SWARTLAND MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**37.. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)**

	Previously reported	Amount of correction	Restated
<b>Total effect of adjustments against accumulated surplus 30 June 2008 (i) + (ii)</b>	<b>327,522,009</b>	<b>59,386,140</b>	<b>386,908,149</b>
<b>(iii) Adjustment of balances - assets and liabilities - as at 30 June 2008</b>			
<b>Increase/(decrease) in Property, Plant and Equipment</b>	<b>293,655,367</b>	<b>(682,322)</b>	<b>292,973,045</b>
<i>Cost</i>	1,134,206,221	(706,380)	1,133,499,841
<i>Accumulated depreciation</i>	(840,550,854)	24,058	(840,526,796)
<b>Increase/(decrease) in Intangible assets</b>	<b>2,267,212</b>	<b>(2,229,933)</b>	<b>37,279</b>
<i>Cost</i>	2,299,637	(2,229,933)	69,704
<i>Accumulated amortisation</i>	(32,425)	-	(32,425)
<b>Increase/(decrease) in Long term receivables due to fair value adjustment</b>	<b>669,503</b>	<b>(270,936)</b>	<b>398,567</b>
<i>Non-current portion</i>	578,287	(244,737)	333,550
<i>Current portion</i>	91,216	(26,199)	65,017
<b>Increase in VAT receivable</b>	<b>1,051,020</b>	<b>17,320</b>	<b>1,068,340</b>
<i>Previous years' appropriations and transactions</i>		17,320	
<b>Increase/(decrease) in Long term liabilities</b>	<b>23,932,012</b>	<b>105,319</b>	<b>24,037,331</b>
<i>Annuity loans</i>		105,319	
<b>Increase/(decrease) in Creditors</b>	<b>33,683,106</b>	<b>(519,967)</b>	<b>33,163,139</b>
<i>Retentions</i>		(237,680)	
<i>Other creditors (Previous years' appropriations and transactions)</i>		(282,287)	
<b>Increase/(decrease) in Consumer debtors</b>	<b>20,104,008</b>	<b>(319,710)</b>	<b>19,784,298</b>
<i>Rates</i>	4,698,140	(107,212)	4,590,928
<i>Electricity</i>	8,599,803	(111,247)	8,488,556
<i>Water</i>	3,001,400	(86,935)	2,914,465
<i>Sewerage</i>	2,158,500	(8,640)	2,149,860
<i>Refuse removal</i>	1,576,909	(4,141)	1,572,768
<i>Housing rentals</i>	69,256	(1,535)	67,721
<b>Increase/(decrease) in Other Debtors</b>	<b>4,613,472</b>	<b>94,259</b>	<b>4,707,731</b>
<i>Sundry debtors</i>		94,259	
<b>(Decrease) in Deferred Income</b>	<b>64,795,840</b>	<b>(64,795,840)</b>	<b>-</b>
<i>Non-current portion</i>	60,274,959	(60,274,959)	-
<i>Current portion</i>	4,520,881	(4,520,881)	-

**Reconciliation of adjustments due to accounting policies and prior period errors**

**NET ASSETS AND LIABILITIES**

<b>Net assets</b>	<b>327,522,009</b>	<b>61,554,916</b>	<b>389,076,925</b>
Housing Development Fund	-	2,168,776	2,168,776
Accumulated Surplus/(Deficit)	327,522,009	59,386,140	386,908,149
<b>Non-current liabilities</b>	<b>105,840,747</b>	<b>(60,169,640)</b>	<b>45,671,107</b>
Deferred income	60,274,959	(60,274,959)	-
Long-term liabilities	23,932,012	105,319	24,037,331
Provision for post- retirement medical aid benefits	19,150,406	-	19,150,406
Other non-current provisions	2,483,370	-	2,483,370
<b>Current liabilities</b>	<b>55,928,119</b>	<b>(5,040,848)</b>	<b>50,887,271</b>
Consumer deposits	4,551,628	-	4,551,628
Provisions	1,132,474	-	1,132,474
Creditors	33,683,106	(519,967)	33,163,139
Unspent conditional grants and receipts	9,082,730	-	9,082,730
Operating lease liability	38,466	-	38,466
Current portion of deferred income	4,520,881	(4,520,881)	-
Current portion of long-term liabilities	2,918,834	-	2,918,834
<b>Total Net Assets and Liabilities</b>	<b>489,290,875</b>	<b>(3,655,572)</b>	<b>485,635,303</b>



**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009****37.. CORRECTION OF ERROR AND CHANGES IN ACCOUNTING POLICY (continued)****Reconciliation of adjustments due to accounting policies and prior period errors (continued)****NET ASSETS AND LIABILITIES (continued)**

	<b>Previously reported</b>	<b>Amount of correction</b>	<b>Restated</b>
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>321,040,944</b>	<b>(3,156,992)</b>	<b>317,883,952</b>
Property, plant and equipment	293,655,367	(682,322)	292,973,045
Intangible Assets	2,267,212	(2,229,933)	37,279
Investment property	23,801,779	-	23,801,779
Long-term receivables	578,287	(244,737)	333,550
Finance lease receivables	738,299	-	738,299
<b>Current assets</b>	<b>168,249,931</b>	<b>(498,580)</b>	<b>167,751,351</b>
Inventory	7,852,737	(264,250)	7,588,487
Assets classified as held-for-sale	-	-	-
Consumer debtors	20,104,008	(319,710)	19,784,298
Other debtors	4,613,472	94,259	4,707,731
VAT	1,051,020	17,320	1,068,340
Operating lease asset	10,900	-	10,900
Current portion of long-term receivables	91,216	(26,199)	65,017
Current portion of finance lease receivables	162,672	-	162,672
Bank balances and cash	134,363,906	-	134,363,906
<b>Total Assets</b>	<b>489,290,875</b>	<b>(3,655,572)</b>	<b>485,635,303</b>
<b>Surplus/(Deficit) for the year</b>	<b>66,291,282</b>	<b>5,651,601</b>	<b>71,942,883</b>

**38. CASH GENERATED BY OPERATIONS**

		<b>Restated</b>
Surplus for the year	45,439,524	71,942,883
Depreciation and Amortisation	18,604,766	15,554,165
Write- off of property, plant and equipment	453,886	-
Gain on disposal of property, plant and equipment	(58,883)	(62,165)
Increase/(Decrease) in provisions	2,871,198	1,532,332
Increase/(decrease) in consumer deposits	346,040	393,074
Investment income	(18,327,478)	(12,868,396)
Interest paid	5,351,452	3,671,458
<b>Operating surplus before working capital changes:</b>	<b>54,680,505</b>	<b>80,163,351</b>
(Increase)/decrease in inventories	3,475,574	(420,911)
(Increase)/decrease in consumer debtors	(5,229,575)	(2,779,720)
(Increase)/decrease in other debtors	2,123,555	3,070,043
(Decrease)/increase in unspent conditional grants and receipts	2,451,356	2,290,394
Increase/(Decrease) in the net operating lease liability	(35,670)	22,550
Increase/(Decrease) in creditors	2,233,075	3,414,511
Increase/(Decrease) in VAT	(1,962,772)	749,133
<b>Cash generated by/(utilised in) operations</b>	<b>57,736,048</b>	<b>86,509,351</b>

**39. CASH AND CASH EQUIVALENTS**

Bank balances and cash	197,752,511	133,752,148
Call investment deposits	-	603,728
Petty Cash Advances	13,530	8,030
<b>Total cash and cash equivalents</b>	<b>197,766,041</b>	<b>134,363,906</b>

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
<b>39.. CASH AND CASH EQUIVALENTS (continued)</b>		
The Municipality has the following bank accounts: -		
<b><u>Current Account (Primary Bank Account) (OTM account)</u></b>		
ABSA Bank Limited - Public Sector: Account Number 40 5369 2381		
Bank statement balance at beginning of year	-	2,562,466
Bank statement balance at end of year	-	-
<b><u>Current Account</u></b>		
ABSA Bank Limited - Public Sector: Account Number 40 5369 1741		
Bank statement balance at beginning of year	129,649,497	1,126,855
Bank statement balance at end of year	194,978,881	129,649,497
<b><u>Current Account (ACB account)</u></b>		
ABSA Bank Limited - Public Sector: Account Number 40 5369 2399		
Bank statement balance at beginning of year	-	441,478
Bank statement balance at end of year	-	-
<b><u>Current Account (Cash account)</u></b>		
ABSA Bank Limited - Public Sector: Account Number 40 5369 2466		
Bank statement balance at beginning of year	5,000	74,574
Bank statement balance at end of year	-	5,000
<b><u>Summary</u></b>		
Cash book balance at beginning of year	133,752,148	6,458,911
Cash book balance at end of year	197,752,511	133,752,148
Bank statement balance at beginning of year	129,654,497	4,205,373
Bank statement balance at end of year	194,978,881	129,654,497

For the purposes of the Cash Flow Statement, Bank, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

Call investment deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 9.00 % to 11.60 % per annum.

Interest on overdrawn current accounts is charged at prime less 0.5 % per annum and earn interest at different rates per annum on favourable balances.

Management of the municipality is of the opinion that the carrying value of Bank Balances and Cash recorded at amortised cost in the financial statements approximate their fair values.

The fair value of Bank Balances and Cash were determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

**40. NON-CASH INVESTING AND FINANCING TRANSACTIONS**

The Municipality was engaged in an exchange transaction of non- monetary assets during the year. A municipal property, erf 10418 (previously registered as erven 7601-7603 and 7615-7617), was exchanged for a similar asset, namely erf 1766, acquired from the registered owner.

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
<b>41. FINANCING FACILITIES</b>		
Unsecured Bank Overdraft Facility, reviewed annually and payable at call:		
- Amount used	-	-
- Amount unused	1,000,000	1,000,000
	<b><u>1,000,000</u></b>	<b><u>1,000,000</u></b>

**42. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**

Long-term liabilities (see Note 4)	70,682,944	26,956,165
Used to finance property, plant and equipment - at cost	70,682,944	26,956,165
<b>Sub- total</b>	<b><u>-</u></b>	<b><u>-</u></b>
Cash set aside for the repayment of long-term liabilities	3,320,984	2,918,834
<b>Cash invested for repayment of long-term liabilities</b>	<b><u>3,320,984</u></b>	<b><u>2,918,834</u></b>

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that the upcoming annual payment for long-term liabilities can be made.

**43. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE*****43. 1 Unauthorised expenditure***

To the best of knowledge no unauthorised expenditure was incurred during the year under review.

***43. 2 Fruitless and wasteful expenditure***

To the best of knowledge instances of note indicating that fruitless and wasteful expenditure was incurred during the year under review were not revealed.

***43. 3 Irregular expenditure***

To the best of knowledge instances of note indicating that irregular expenses was incurred during the year under review were not revealed.

**44. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT*****44. 1 Contributions to organized local government***

Opening balance	-	-
Council subscriptions	248,252	237,135
Amount paid - current year	(248,252)	(237,135)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<b><u>-</u></b>	<b><u>-</u></b>

***44. 2 Audit fees***

Opening balance	-	1,283
Current year audit fee	1,104,736	760,155
Amount paid - current year	(1,104,736)	(760,155)
Amount written back - previous years	-	(1,283)
<b>Balance unpaid (included in creditors)</b>	<b><u>-</u></b>	<b><u>-</u></b>

***44. 3 VAT***

VAT input receivables and VAT output payables are shown in note 11 and 22. All VAT returns have been submitted by the due date throughout the year.

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
<b>44.. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)</b>		
<b>44. 4 PAYE and UIF</b>		
Opening balance	-	-
Current year payroll deductions	7,049,122	5,970,808
Amount paid - current year	(7,049,122)	(5,970,808)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

**44. 5 Pension and Medical Aid Deductions**

Opening balance	-	-
Current year payroll deductions and Council Contributions	10,827,708	9,590,003
Amount paid - current year	(10,827,708)	(9,590,003)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

**44. 6 Councillor's arrear consumer accounts**

During the financial year under review no Councillor (present or past) was in arrear with the settlement of their municipal accounts.

**44. 7 Water losses**

Water losses incurred during the year amounted to R 2,243,935 (2008: R 2,463,222) or 14.95 % (2008:18.41 %) of the total water purchased.

**44. 8 Non-Compliance with Chapter 11 of the Municipal Finance Management Act**

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The incidents as listed hereunder have been condoned.

<b>Incident</b>	<b>Reasons submitted for non-compliance</b>
Appointment of Cape Low Land Environmental Services, Dr Bill Harding en Prof Hilary Deacon to implement the necessary Environmental Impact Assessment for the cleaning of No Go-, Platteklip- and Diepriver. Item 7.2 of the minutes of the Executive Mayoral Committee held on 15 October 2008.	(i) A prompt solution for this flooding is essential and has in previous years been handled as an emergency with regards to damage to municipal as well as private property. (ii) The obtaining of the Environmental Impact Assessment for the mentioned rivers is absolutely imperative and is clearly stipulated by legislation. This is therefore treated as an unusual circumstance where it is impractical or impossible to follow the official procurement processes.
Appointment of ISIS Builders to do the necessary upgrading and repairs at Rosenhof Sports grounds, Moorreesburg. Item 7.7 of the minutes of the Executive Mayoral Committee held on 18 March 2009.	(i) The threatening conflict between the users of Gene Louw and Rosenhof Sports grounds is viewed as an unusual situation and needs to be treated as an emergency. The formal tender process takes approximately two months for a contractor to be on site and it is therefore impractical to follow.
Appointment of R-Data for the purchase of electronic hand held meter reading units. Item 7.8 of the minutes of the Executive Mayoral Committee held on 21 April 2009.	(i) The urgent purchase of the appliances was essential for the reading of meters so that consumer accounts could be timeously dispatched.
Appointment of CL Conradie Plant Hire for the clearing of the Diepriver. Item 7.19 of the minutes of the Executive Mayoral Committee held on 18 June 2009.	(i) The urgent solution for the flooding problem is crucial and has previously been treated as an emergency due to damage to municipal as well as private property. (ii) Special equipment is required for the cleaning of the mentioned river and therefore it is regarded as an exceptional case where it is impractical or impossible to follow the official procurement processes.
The purchase of material for the reparation of damages to buildings/ structures that were damaged/ destroyed in unusual circumstances. Item 7.20 of the minutes of the Executive Mayoral Committee held on 18 June 2009.	(i) The destruction of private structures/ dwellings where people reside is regarded as an emergency and the repair thereof must take place as soon as possible. (ii) This is regarded as an unusual, unforeseen situation where it is impractical to follow the official procurement process.

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

		2009 R	2008 R
<b>45. CAPITAL COMMITMENTS</b>			
Commitments in respect of capital expenditure:			
- <b>Approved and contracted for</b>		<b>19,608,000</b>	<b>2,850,000</b>
<i>Infrastructure</i>		19,608,000	2,850,000
<i>Other</i>		-	-
- <b>Approved but not yet contracted for</b>		<b>41,520,000</b>	<b>52,490,108</b>
<i>Infrastructure</i>		23,785,000	50,430,108
<i>Community</i>		11,600,000	200,000
<i>Heritage</i>		-	-
<i>Other</i>		6,135,000	1,860,000
<b>Total</b>		<b>61,128,000</b>	<b>55,340,108</b>
This expenditure will be financed from:			
- External Loans		15,200,000	13,832,217
- Capital Replacement Reserve		20,933,000	28,298,891
- Government Grants		24,995,000	13,209,000
		<b>61,128,000</b>	<b>55,340,108</b>
<b>46. FINANCIAL INSTRUMENTS</b>			
<b>46.1 Classification</b>			
<b>Financial Assets</b>			
In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows:			
<b>Long-term Receivables</b>			
Loans to Public Organisations	Loans and receivables	276,327	285,690
<b>Finance Lease Receivables</b>			
Car loans	Loans and receivables	-	47,860
Housing Selling Scheme Loans	Loans and receivables	358,994	738,299
<b>Consumer Debtors</b>			
Rates	Loans and receivables	5,679,223	4,590,928
Electricity	Loans and receivables	11,540,290	8,488,556
Water	Loans and receivables	3,494,376	2,914,465
Sewerage	Loans and receivables	2,381,591	2,149,860
Refuse Removal	Loans and receivables	1,863,809	1,572,768
Housing Rentals	Loans and receivables	54,584	67,721
<b>Other Debtors</b>			
Insurance claims	Loans and receivables	26,726	11,463
Government grants and subsidies	Loans and receivables	32,387	1,649,941
Proclaimed roads subsidies	Loans and receivables	-	-
Sundry debtors	Loans and receivables	2,172,704	2,734,761
<b>Current Portion of Long-term Receivables</b>			
Loans to Public Organisations	Loans and receivables	9,031	7,794
<b>Current Portion of Finance Lease Receivables</b>			
Car loans	Loans and receivables	47,860	57,223
Housing Selling Scheme Loans	Loans and receivables	74,069	162,672
<b>Bank Balances and Cash</b>			
Bank Balances	Loans and receivables	197,752,511	133,752,148
Cash Floats and Advances	Loans and receivables	13,530	8,030
Other Cash Equivalents	Loans and receivables	-	603,728
<b>Total Financial Assets</b>		<b>225,778,012</b>	<b>159,843,907</b>

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	2009	2008
	R	R

**46.. FINANCIAL INSTRUMENTS (continued)****Financial liabilities**

In accordance with IAS 39.09 the Financial Liabilities of the municipality are classified as follows:

<b><u>Financial liability</u></b>	<b><u>Classification</u></b>		
<b>Long-term Liabilities</b>			
Annuity Loans	Financial liabilities at amortised cost	66,468,247	23,082,154
<b>Consumer Deposits</b>			
Electricity and Water	Financial liabilities at amortised cost	4,897,668	4,551,628
<b>Creditors</b>			
Trade creditors	Financial liabilities at amortised cost	25,953,141	23,972,310
Retentions	Financial liabilities at amortised cost	1,067,703	1,925,911
Staff leave	Financial liabilities at amortised cost	3,726,633	3,483,692
Other creditors	Financial liabilities at amortised cost	3,392,608	3,049,345
<b>Current Portion of Long-term Liabilities</b>			
Annuity Loans	Financial liabilities at amortised cost	3,026,622	2,699,857
<b>Total Financial Liabilities</b>		<b><u>108,532,622</u></b>	<b><u>62,764,897</u></b>

**46. 2 Fair Value of Financial Instruments**

Management of the municipality is of the opinion that the carrying value of financial assets and liabilities recorded at amortised cost in the financial statements approximate their fair values. The fair value of Financial Assets and Financial Liabilities were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the the current payment ratio's of the municipality's debtors.

**46. 3 Capital Risk Management**

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2007.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 4, Bank, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Notes 2 and 42 and the Statement of Changes in Net Assets.

**Gearing Ratio**

The gearing ratio at the year-end was as follows:

Debt	70,682,944	26,956,165
Bank Overdraft	-	-
Net Debt	<b><u>70,682,944</u></b>	<b><u>26,956,165</u></b>
Equity	<b><u>435,578,503</u></b>	<b><u>389,076,925</u></b>
<b>Net debt to equity ratio</b>	<b>16.23 %</b>	<b>6.93 %</b>

Debt is defined as Long- and Short-term Liabilities, as detailed in Note

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance.

**46. 4 Financial Risk Management Objectives**

The Directorate: Financial services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis, and by external auditors annually. The entity does not enter into or trade financial instruments for speculative purposes.

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009****46. FINANCIAL INSTRUMENTS (continued)****46. 4 Financial Risk Management Objectives (continued)**

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports quarterly to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

**46. 5 Significant Accounting Policies**

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset and Financial Liability are disclosed in the Accounting Policies to the Annual Financial Statements.

**46. 6 Market Risk**

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 49.7 below). No formal policy exists to hedge volatilities in the interest rate market.

**46. 6. 1 Interest Rate Risk Management**

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term debtors, consumer debtors, other debtors, and bank and cash balances.

The municipality is exposed to interest rate risk as the municipality borrows funds at both fixed and floating interest rates.

**Interest Rate Sensitivity Analysis**

The sensitivity analysis below was determined based on the exposure to interest rates at the reporting date. For variable rate long-term instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instrument at year-end with variable interest rates are set out in 49.7 and below.

- If interest rates had been 100 basis points higher/lower and all other variables were held constant, the municipality's surplus for the year ended 30 June 2009 would have decreased/increased by R 1,657,523 (2008: decreased/increased by R 1,173,375). This is mainly attributable to the municipality's exposure to interest rates on its variable rate borrowings.

The municipality's sensitivity to interest rates has decreased during the current period mainly due to the reduction in the balance of the variable rate debt instrument.

**46. 7 Liquidity Risk Management**

Ultimate responsibility for liquidity risk management rests with the Council. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 41 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk.(cash)

**Liquidity and Interest Risk Tables**

The following tables detail the municipality's remaining contractual maturity for its non-derivative **financial liabilities**. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Average effective Interest Rate	6 Months or less	6 - 12 Months	1 - 2 Years	Total carried forward
	%	R	R	R	R
<b>30 June 2009</b>					
Variable Interest Rate Instruments	12.46	40,360,737	64,377	123,909	40,549,023
Fixed Interest Rate Instruments	13.03	4,676,427	5,022,428	10,980,032	20,678,887
		<b>45,037,164</b>	<b>5,086,805</b>	<b>11,103,941</b>	<b>61,227,910</b>
<b>30 June 2008</b>					
Variable Interest Rate Instruments	13.95	37,573,399	68,008	131,232	37,772,639
Fixed Interest Rate Instruments	13.03	2,854,975	2,854,975	5,709,951	11,419,901
		<b>40,428,374</b>	<b>2,922,983</b>	<b>5,841,183</b>	<b>49,192,540</b>

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009****46. FINANCIAL INSTRUMENTS (continued)****46. 7 Liquidity Risk Management (continued)****Liquidity and Interest Risk Tables (continued)**

Description	Average effective Interest Rate	Total brought forward	2 - 5 Years	More than 5 Years	Total
<b>30 June 2009</b>	<b>%</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Variable Interest Rate Instruments	12.46	40,549,023	327,792	457,874	41,334,689
Fixed Interest Rate Instruments	13.03	20,678,887	30,941,836	84,960,396	136,581,119
		<b>61,227,910</b>	<b>31,269,628</b>	<b>85,418,270</b>	<b>177,915,808</b>
<b>30 June 2008</b>					
Variable Interest Rate Instruments	13.95	37,772,639	349,759	559,816	38,682,214
Fixed Interest Rate Instruments	13.03	11,419,901	17,129,856	11,115,047	39,664,804
		<b>49,192,540</b>	<b>17,479,615</b>	<b>11,674,863</b>	<b>78,347,018</b>

The municipality has access to financing facilities, the total unused amount which is R 1,000,000 at the reporting date. The municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The municipality expects to maintain current debt to equity ratio. This will be achieved through increasing tariffs and the increased use of unsecured bank loan facilities.

**46. 8 Credit Risk Management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.

Potential concentrations of credit risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the Chief Financial Officer and authorised by the Council.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at balance sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.



## SWARTLAND MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<b>46. FINANCIAL INSTRUMENTS (continued)</b>		
The maximum credit risk exposure in respect of the relevant financial instruments is as follows:		
	2009 R	2008 R
Fixed Deposit Investments	-	-
Long-term Receivables	333,218	398,567
Consumer Debtors	28,136,487	22,962,801
Other Debtors	3,501,852	5,554,093
Finance lease receivables	433,063	900,971
Bank Guarantees	57,100	53,100
Bank and Cash Balances	197,766,041	134,363,906
<b>Maximum Credit and Interest Risk Exposure</b>	<b>197,823,141</b>	<b>134,417,006</b>

### **47. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION**

The personnel of the Swartland Municipality are members of the funds as set out below. These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below. The Cape Joint Pension Fund is defined benefit plan, whereas the Cape Joint Retirement Fund, Municipal Councillors Fund, The Provident Fund and The National Fund for Municipal Workers are defined contribution plans. Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

- The assets of each fund are held in one portfolio; these assets are not nationally allocated to each of the participating employers.
- One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- The same rate of contributions applies to all participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

#### **CAPE JOINT PENSION FUND**

The Cape Joint Pension Fund operates both as a defined benefit and defined contribution scheme.

The defined benefit scheme is a multi-employer plan and the contribution rate payable is 9 %, by the members and 18 % by Council. The last valuation performed for the year ended 30 June 2008 (30 June 2007) revealed that the fund had an actuarial surplus of R 182,73 million (R 200,21 million) with a funding level of 106,5 % (107,2 %), and is in a sound financial state as at 30 June 2008.

The actuarial valuation report at 30 June 2008 indicated that the the defined contribution scheme of the fund is in a sound financial position, with a funding level of 103.3% (2007:105.3%).

#### **CAPE JOINT RETIREMENT FUND**

The contribution rate paid by the members (9,0 %) and Council (18,0 %) is sufficient to fund the benefits accruing from the fund in future. The last valuation performed for the year ended 30 June 2008 (30 June 2007) revealed that the fund had an actuarial surplus of R 42,93 million (R 104,04 million) with a funding level of 112,2 % (137,4 %). Certified in a sound financial position as at 30 June 2008.

#### **MUNICIPAL COUNCILLORS PENSION**

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The actuarial valuation of the fund was undertaken at 30 June 2007 and was reported to be in a sound financial position. The contribution rate paid by the members (13,75 %) and council (15 %) is sufficient to fund the benefits accruing from the fund in the future.

#### **SOUTH AFRICAN MUNICIPAL WORKERS UNION NATIONAL PROVIDENT FUND**

The contribution rate payable is 7,5 % by the members 18 % by Council. Actuarial valuation on this fund is performed every three years, and the last valuation performed for the year ended 30 June 2005 certified that the fund is in a sound financial state.

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

<b>2009</b>	<b>2008</b>
<b>R</b>	<b>R</b>

**47.. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION (continued)****NATIONAL FUND FOR MUNICIPAL WORKERS**

The above mentioned fund is a defined contribution Fund and according to Regulation 2 of the Pension Funds Act no 24 of 1956 exempt from the provisions of sections 9A and 16 of the Act. The contribution rate paid by the members is 9.00 % and by the council is 18.00 %.

The latest voluntary valuation was done on 30 June 2008 (30 June 2007). As at 30 June 2008 the results state that the way the benefits are structured in the rules, the fund is limited to an amount equal to the accumulation of all the contributions plus investment returns less administration costs. The NFMW Retirement Fund does not have any reserve accounts or surpluses which could be allocated to members Fund records.

None of the above mentioned plans are state plans.

**48. RELATED PARTY TRANSACTIONS**

During the year the municipality rendered services to the following related parties that are related to the municipality as indicated:

<i>48. 1 Services rendered to related parties</i>	<b>Rates</b>	<b>Service Charges</b>	<b>Other</b>	<b>Outstanding Balances</b>
<b>30 June 2009</b>				
Councillors	37,565	117,960	1,364	12,496
Municipal Manager and Section 57 Personnel	34,113	80,971	-	6,716
<b>Total</b>	<b>71,678</b>	<b>198,931</b>	<b>1,364</b>	<b>19,212</b>
<b>30 June 2008</b>				
Councillors	46,507	103,848	1,355	10,787
Municipal Manager and Section 57 Personnel	27,883	79,532	350	6,425
<b>Total</b>	<b>74,390</b>	<b>183,380</b>	<b>1,705</b>	<b>17,212</b>

The rates, service and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses had been recognised in respect of amounts owed by related parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel (managers directly accountable to the Municipal Manager). No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

**48. 2 Related Party Loans**

Loans to Councillors and senior management employees are no longer permitted since 1 July 2004. Loans that were granted prior to this date, together with the conditions, are disclosed in note 18 to the Annual Financial Statements.

**48. 3 Compensation of key management personnel**

The compensation of key management personnel is set out in note 30.

**48. 4 Other related party transactions**

The Municipality entered into business transactions during the financial year under review with the service provider mentioned below. The said providers are considered to be related parties as they are in some way or other connected to the Municipality, either as councillor or family tie to employees of the Municipality. These transactions were duly concluded in compliance with the provisions of the Supply Chain Management Policy of the Municipality.

<b>Service Provider</b>	<b>Value of Transaction</b>	<b>Name of Councillor/Employee</b>	<b>Relation to Service Provider</b>
AM Anthony	R 13,350.00	W Anthony	Spouse
Automodell BK	R 32,405.00	Councillor A Bredell	Brother
Black Bird Trading 49 CC	R 201,299.00	M Smit	Spouse
Roja Contractors and traders	R 54,193.00	J Liedeman	Son

**SWARTLAND MUNICIPALITY****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
<b>49. CONTINGENT LIABILITY</b>		
Guarantees in favour of Eskom	57,100	53,100
Guarantees in favour of South African Post Office Limited	100,000	-
	<b>157,100</b>	<b>53,100</b>

Bank guarantees provided to Eskom for the supply of electricity to the Municipality for distribution amongst consumers. The guarantees is covered to a large extend by cash deposits recovered from the individual consumers of electricity within the municipal area.

**50. CONTINGENT ASSET**

The Municipality was not engaged in any transaction or event during the year under review giving rise to a contingent asset.

**51. IN-KIND DONATION AND ASSISTANCE**

The Municipality did not receive any in-kind donation and assistance during the year under review.

**52. COMPARISON WITH THE BUDGET**

The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexures "E (1) and E (2)".

**53. PRIVATE PUBLIC PARTNERSHIPS**

The Municipality has as yet not entered into a public-private partnership agreement with any private party.

**54. EVENTS AFTER THE REPORTING DATE**

No events having significant financial implications requiring disclosure occurred subsequent to 30 June 2009

**APPENDIX A****SWARTLAND MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009**

	<b>Loan Number</b>	<b>Redeemable</b>	<b>Balance at 30/06/2008</b>	<b>Received during the period</b>	<b>Interest capitalised during the period</b>	<b>Redeemed written off during the period</b>	<b>Balance 30/06/2009</b>
<b>EXTERNAL LOANS</b>							
<b>LONG- TERM LOANS</b>							
Development Bank		31/03/2018	3,520,278	-	99,415	197,346	3,422,347
Development Bank		31/12/2018	5,609,221	-	-	238,474	5,370,747
Development Bank		30/06/2020	629,988	-	-	52,499	577,489
INCA		31/12/2013	15,917,205	-	-	2,211,537	13,705,668
Development Bank		31/03/2029	-	43,113,100	992,328	-	44,105,428
Development Bank		31/03/2024	-	2,262,000	51,190	-	2,313,190
<b>Total Long- Term Loans</b>			<b>25,676,692</b>	<b>45,375,100</b>	<b>1,142,933</b>	<b>2,699,856</b>	<b>69,494,869</b>
<b>LEASES</b>							
Sunlyne Rentals			30,030	-	-	5,880	24,150
CTC Finance			339,939	-	-	79,049	260,890
Minoltafin			804,185	330,597	-	231,747	903,035
<b>Total leases</b>			<b>1,174,154</b>	<b>330,597</b>	<b>-</b>	<b>316,676</b>	<b>1,188,075</b>
<b>TOTAL EXTERNAL LOANS</b>			<b>26,850,846</b>	<b>45,705,697</b>	<b>1,142,933</b>	<b>3,016,532</b>	<b>70,682,944</b>

**APPENDIX B****SWARTLAND MUNICIPALITY****ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009**

	Cost/Revaluation							Accumulated Depreciation						Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Balance before Unbundling	Unbundled	Closing Balance	Opening Balance	Additions	Disposals	Balance before Unbundling	Unbundled	Closing Balance	
<b>Land and Buildings</b>														
Land	52,687,809	46,605	-	239,000	52,495,414	-	52,495,414	490,016	117,816	-	607,832	-	607,832	51,887,582
Buildings	52,759,874	1,161,150	3,390	-	53,924,414	-	53,924,414	35,707,908	971,261	-	36,679,169	-	36,679,169	17,245,245
	<b>105,447,683</b>	<b>1,207,755</b>	<b>3,390</b>	<b>239,000</b>	<b>106,419,828</b>	<b>-</b>	<b>106,419,828</b>	<b>36,197,924</b>	<b>1,089,077</b>	<b>-</b>	<b>37,287,001</b>	<b>-</b>	<b>37,287,001</b>	<b>69,132,827</b>
<b>Infrastructure</b>														
Drains	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads	474,124,036	13,681,562	2,011,338	-	489,816,936	-	489,816,936	402,182,925	5,579,974	-	407,762,899	-	407,762,899	82,054,037
Beach Improvements	72,036	-	-	-	72,036	-	72,036	-	2,402	-	2,402	-	2,402	69,634
Sewerage Mains and Purification	202,766,011	5,246,725	9,800,141	-	217,812,877	-	217,812,877	145,642,084	3,249,170	-	148,891,254	-	148,891,254	68,921,623
Electricity Mains	148,017,511	7,884,745	3,322,502	-	159,224,758	-	159,224,758	119,459,972	1,821,920	-	121,281,892	-	121,281,892	37,942,866
Electricity Peak Load Equipment	436,608	-	-	-	436,608	-	436,608	247,876	20,849	-	268,725	-	268,725	167,883
Water Mains and Purification	1,729,231	-	1,208,088	-	2,937,319	-	2,937,319	832,710	80,154	-	912,864	-	912,864	2,024,455
Reservoirs - Water	28,588,404	-	-	-	28,588,404	-	28,588,404	21,937,368	455,640	-	22,393,008	-	22,393,008	6,195,396
Water Meters	291,694	-	-	-	291,694	-	291,694	114,632	19,446	-	134,078	-	134,078	157,616
Water Mains	99,363,444	1,534,123	-	-	100,897,567	-	100,897,567	78,756,643	1,342,225	-	80,098,868	-	80,098,868	20,798,699
Landfill Sites	941,555	-	-	-	941,555	-	941,555	297,184	33,802	-	330,986	-	330,986	610,569
	<b>956,330,530</b>	<b>28,347,155</b>	<b>16,342,069</b>	<b>-</b>	<b>1,001,019,754</b>	<b>-</b>	<b>1,001,019,754</b>	<b>769,471,394</b>	<b>12,605,582</b>	<b>-</b>	<b>782,076,976</b>	<b>-</b>	<b>782,076,976</b>	<b>218,942,778</b>
<b>Community Assets</b>														
Parks and Gardens	603,427	-	-	-	603,427	-	603,427	153,870	27,561	-	181,431	-	181,431	421,996
Libraries	3,956,733	-	-	-	3,956,733	-	3,956,733	2,018,727	75,525	-	2,094,252	-	2,094,252	1,862,481
Recreation Grounds	11,847,149	-	-	-	11,847,149	-	11,847,149	6,888,559	500,375	-	7,388,934	-	7,388,934	4,458,215
Civic Buildings	12,599,273	-	-	-	12,599,273	-	12,599,273	6,613,485	316,466	-	6,929,951	-	6,929,951	5,669,322
	<b>29,006,582</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,006,582</b>	<b>-</b>	<b>29,006,582</b>	<b>15,674,641</b>	<b>919,927</b>	<b>-</b>	<b>16,594,568</b>	<b>-</b>	<b>16,594,568</b>	<b>12,412,014</b>
<b>Heritage Assets</b>														
Historical Buildings	586,266	-	-	-	586,266	-	586,266	453,273	10,109	-	463,382	-	463,382	122,884
Painting and Art Galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>586,266</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>586,266</b>	<b>-</b>	<b>586,266</b>	<b>453,273</b>	<b>10,109</b>	<b>-</b>	<b>463,382</b>	<b>-</b>	<b>463,382</b>	<b>122,884</b>
<b>Housing Rental Stock</b>														
Housing Rental 1	764,263	-	-	-	764,263	-	764,263	110,545	25,476	-	136,021	-	136,021	628,242
Housing Rental 2	823,002	-	-	-	823,002	-	823,002	740,701	41,150	-	781,851	-	781,851	41,151
	<b>1,587,265</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,587,265</b>	<b>-</b>	<b>1,587,265</b>	<b>851,246</b>	<b>66,626</b>	<b>-</b>	<b>917,872</b>	<b>-</b>	<b>917,872</b>	<b>669,393</b>
<b>Total carried forward</b>	<b>1,092,958,326</b>	<b>29,554,910</b>	<b>16,345,459</b>	<b>239,000</b>	<b>1,138,619,695</b>	<b>-</b>	<b>1,138,619,695</b>	<b>822,648,478</b>	<b>14,691,321</b>	<b>-</b>	<b>837,339,799</b>	<b>-</b>	<b>837,339,799</b>	<b>301,279,896</b>

## APPENDIX B

## SWARTLAND MUNICIPALITY

## ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009 (continued)

	Cost/Revaluation							Accumulated Depreciation						
	Opening Balance	Additions	Under Construction	Disposals	Balance before Unbundling	Unbundled	Closing Balance	Opening Balance	Additions	Disposals	Balance before Unbundling	Unbundled	Closing Balance	Carrying Value
<b>Total brought forward</b>	<b>1,092,958,326</b>	<b>29,554,910</b>	<b>16,345,459</b>	<b>239,000</b>	<b>1,138,619,695</b>	-	<b>1,138,619,695</b>	<b>822,648,478</b>	<b>14,691,321</b>	-	<b>837,339,799</b>	-	<b>837,339,799</b>	<b>301,279,896</b>
<b>Leased Assets (Infrastructure)</b>														
Sewerage Mains and Purify	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>														
Office Equipment	3,059,867	1,085,845	-	-	4,145,712	-	4,145,712	971,684	560,624	-	1,532,308	-	1,532,308	2,613,404
Furniture and Fittings	3,841,610	326,861	-	-	4,168,471	-	4,168,471	2,702,834	414,396	-	3,117,230	-	3,117,230	1,051,241
Bins and Containers	1,530,592	-	-	-	1,530,592	-	1,530,592	715,800	161,182	-	876,982	-	876,982	653,610
Emergency Equipment	8,360	640,392	-	-	648,752	-	648,752	2,284	26,707	-	28,991	-	28,991	619,761
Motor Vehicles	19,476,891	1,798,031	-	388,159	20,886,763	-	20,886,763	7,696,927	1,377,303	297,460	8,776,770	-	8,776,770	12,109,993
Fire Engines	331,878	536,552	-	-	868,430	-	868,430	95,076	28,418	-	123,494	-	123,494	744,936
Refuse Tankers	5,793,013	595,100	-	-	6,388,113	-	6,388,113	1,867,690	497,268	-	2,364,958	-	2,364,958	4,023,155
Computer Equipment	5,334,109	449,167	-	-	5,783,276	-	5,783,276	3,621,277	529,615	-	4,150,892	-	4,150,892	1,632,384
	<b>39,376,320</b>	<b>5,431,948</b>	-	<b>388,159</b>	<b>44,420,109</b>	-	<b>44,420,109</b>	<b>17,673,572</b>	<b>3,595,513</b>	<b>297,460</b>	<b>20,971,625</b>	-	<b>20,971,625</b>	<b>23,448,484</b>
<b>Leased Assets</b>														
Office Equipment	1,165,196	289,997	-	64,253	1,390,940	-	1,390,940	204,747	248,643	19,187	434,203	-	434,203	956,737
	<b>1,165,196</b>	<b>289,997</b>	-	<b>64,253</b>	<b>1,390,940</b>	-	<b>1,390,940</b>	<b>204,747</b>	<b>248,643</b>	<b>19,187</b>	<b>434,203</b>	-	<b>434,203</b>	<b>956,737</b>
<b>Total: Property, Plant and Equipment</b>	<b>1,133,499,842</b>	<b>35,276,855</b>	<b>16,345,459</b>	<b>691,412</b>	<b>1,184,430,744</b>	-	<b>1,184,430,744</b>	<b>840,526,797</b>	<b>18,535,477</b>	<b>316,647</b>	<b>858,745,627</b>	-	<b>858,745,627</b>	<b>325,685,117</b>

ANALYSIS OF INVESTMENT PROPERTY AND INTANGIBLE ASSETS AS AT 30 JUNE 2009

	Cost/Revaluation							Accumulated Depreciation						
	Opening Balance	Additions	Under Construction	Disposals	Balance before Unbundling	Unbundled	Closing Balance	Opening Balance	Additions	Disposals	Balance before Unbundling	Unbundled	Closing Balance	Carrying Value
Investment Properties	29,841,074	-	-	146,370	29,694,704	-	29,694,704	6,039,295	50,850	-	6,090,145	(1,040,532)	5,049,613	24,645,091
Intangible Assets	69,704	73,793	-	-	143,497	-	143,497	32,425	18,439	-	50,864	(21,522)	29,342	114,155
<b>Total</b>	<b>29,910,778</b>	<b>73,793</b>	-	<b>146,370</b>	<b>29,838,201</b>	-	<b>29,838,201</b>	<b>6,071,720</b>	<b>69,289</b>	-	<b>6,141,009</b>	<b>(1,062,054)</b>	<b>5,078,955</b>	<b>24,759,246</b>
<b>Grand Total</b>	<b>1,163,410,620</b>	<b>35,350,648</b>	<b>16,345,459</b>	<b>837,782</b>	<b>1,214,268,945</b>	-	<b>1,214,268,945</b>	<b>846,598,517</b>	<b>18,604,766</b>	<b>316,647</b>	<b>864,886,636</b>	<b>(1,062,054)</b>	<b>863,824,582</b>	<b>350,444,363</b>

**APPENDIX C**

**SWARTLAND MUNICIPALITY**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENTAS AT 30 JUNE 2009**

	Cost/Revaluation							Accumulated Depreciation						Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Balance before Unbundling	Unbundled	Closing Balance	Opening Balance	Additions	Disposals	Balance before Unbundling	Unbundled	Closing Balance	
Cemeteries	51,440	70,337	-	-	121,777	-	121,777	36,155	8,163	-	44,318	-	44,318	77,459
Corporate Services	6,675,438	343,059	-	101,798	6,916,699	-	6,916,699	3,585,494	551,958	68,851	4,068,601	-	4,068,601	2,848,098
Electricity	150,787,522	8,665,652	3,322,502	-	162,775,676	-	162,775,676	120,933,114	2,085,575	-	123,018,689	-	123,018,689	39,756,987
Development Services	1,415,010	105,997	-	-	1,521,007	-	1,521,007	462,664	131,331	-	593,995	-	593,995	927,012
Financial Services	3,561,087	1,744,571	3,390	58,258	5,250,790	-	5,250,790	1,115,397	740,889	17,397	1,838,889	(21,522)	1,817,367	3,433,423
Fire Fighting	1,139,389	536,552	-	-	1,675,941	-	1,675,941	627,186	69,246	-	696,432	-	696,432	979,509
Housing	2,199,981	-	-	-	2,199,981	-	2,199,981	1,461,857	67,151	-	1,529,008	-	1,529,008	670,973
Libraries	2,666,896	34,322	-	-	2,701,218	-	2,701,218	519,801	154,903	-	674,704	-	674,704	2,026,514
Municipal Property	141,884,937	618,701	-	385,370	142,118,268	-	142,118,268	51,658,290	1,001,880	-	52,660,170	(1,040,532)	51,619,638	90,498,630
Parks and Recreational	3,725,029	36,191	-	-	3,761,220	-	3,761,220	1,441,340	254,229	-	1,695,569	-	1,695,569	2,065,651
Protection Services	5,912,291	162,090	-	43,212	6,031,169	-	6,031,169	2,228,798	357,739	30,249	2,556,288	-	2,556,288	3,474,881
Refuse Removal	10,222,160	845,535	-	55,532	11,012,163	-	11,012,163	3,877,649	762,649	38,872	4,601,426	-	4,601,426	6,410,737
Roads and Stormwater	482,927,892	13,931,934	2,808,899	171,662	499,497,063	-	499,497,063	405,379,676	6,207,361	145,913	411,441,124	-	411,441,124	88,055,939
Sewerage	205,577,990	6,451,090	9,002,580	-	221,031,660	-	221,031,660	146,790,144	3,474,192	-	150,264,336	-	150,264,336	70,767,324
Sportsgrounds	13,081,284	19,005	-	-	13,100,289	-	13,100,289	3,736,156	751,218	-	4,487,374	-	4,487,374	8,612,915
Water	131,582,274	1,785,612	1,208,088	21,950	134,554,024	-	134,554,024	102,744,796	1,986,282	15,365	104,715,713	-	104,715,713	29,838,311
<b>TOTAL</b>	<b>1,163,410,620</b>	<b>35,350,648</b>	<b>16,345,459</b>	<b>837,782</b>	<b>1,214,268,945</b>	<b>-</b>	<b>1,214,268,945</b>	<b>846,598,517</b>	<b>18,604,766</b>	<b>316,647</b>	<b>864,886,636</b>	<b>(1,062,054)</b>	<b>863,824,582</b>	<b>350,444,363</b>

**APPENDIX D****SWARTLAND MUNICIPALITY****SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009**

<b>2008</b>	<b>2008</b>	<b>2008</b>		<b>2009</b>	<b>2009</b>	<b>2009</b>
<b>Restated</b>	<b>Restated</b>	<b>Restated</b>		<b>Actual</b>	<b>Actual</b>	<b>Surplus/</b>
<b>Actual</b>	<b>Actual</b>	<b>Surplus/</b>		<b>Income</b>	<b>Expenditure</b>	<b>(Deficit)</b>
<b>Income</b>	<b>Expenditure</b>	<b>(Deficit)</b>		<b>Income</b>	<b>Expenditure</b>	<b>(Deficit)</b>
<b>R</b>	<b>R</b>	<b>R</b>		<b>R</b>	<b>R</b>	<b>R</b>
401,780	13,704,882	(13,303,102)	Executive and Council	502,700	16,826,558	(16,323,858)
130,643,188	41,777,802	88,865,386	Finance and Administration	126,948,676	48,075,225	78,873,451
1,343,381	2,970,020	(1,626,639)	Planning and Development	903,426	5,095,558	(4,192,132)
1,116,909	6,476,891	(5,359,982)	Community and Social Services	728,690	7,141,050	(6,412,360)
575,841	2,108,336	(1,532,495)	Housing	2,079,809	1,420,752	659,057
12	9,529,187	(9,529,175)	Public Safety	12,647	11,019,637	(11,006,990)
1,793,520	7,853,454	(6,059,934)	Sport and Recreation	1,766,329	8,439,430	(6,673,101)
-	-	-	Environmental Protection	-	-	-
16,484,852	12,316,719	4,168,133	Waste Water Management	16,994,182	15,549,127	1,445,055
10,690,893	11,004,360	(313,467)	Waste Management	12,556,099	13,172,045	(615,946)
11,093,658	21,107,193	(10,013,535)	Road Transport	9,653,685	25,209,182	(15,555,497)
22,681,802	20,876,692	1,805,110	Water	23,564,395	22,843,828	720,567
67,574,552	46,082,000	21,492,552	Electricity	81,999,688	60,957,175	21,042,513
13,791	754,190	(740,399)	Other	14,621	708,116	(693,495)
<b>264,414,179</b>	<b>196,561,726</b>	<b>67,852,453</b>	<b>Sub Total</b>	<b>277,724,947</b>	<b>236,457,683</b>	<b>41,267,264</b>
-	(4,090,430)	4,090,430	Less Inter- Departmental Charges	-	(4,172,260)	4,172,260
<b>264,414,179</b>	<b>192,471,296</b>	<b>71,942,883</b>	<b>Total</b>	<b>277,724,947</b>	<b>232,285,423</b>	<b>45,439,524</b>



**APPENDIX E (1)****SWARTLAND MUNICIPALITY****ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009**

<b>REVENUE</b>	<b>2009 Actual R</b>	<b>2009 Budget R</b>	<b>2009 Variance R</b>	<b>2009 Variance %</b>	<b>Explanation of Significant Variances greater than 10 % versus Budget</b>
Property rates	48,024,811	47,794,707	230,104	0.48	
Service charges	130,482,552	127,461,708	3,020,844	2.37	
Rental of facilities and equipment	1,963,920	1,514,874	449,046	29.64	Income realised more than income anticipated.
Interest earned - external investments	18,327,478	11,312,696	7,014,782	62.01	Increased income due to favourable cash balances throughout the year.
Interest earned - outstanding debtors	1,411,807	855,000	556,807	65.12	Income derived from interest on late payments higher than income anticipated.
Fines	3,653,893	2,186,640	1,467,253	67.10	Increased income due to improved law enforcement.
Licences and permits	2,602,940	2,133,675	469,265	21.99	Higher demand for licences and permits.
Income for agency services	2,356,737	2,058,000	298,737	14.52	Income realised more than income anticipated.
Government grants and subsidies	44,271,415	6,021,374	38,250,041	635.24	Due to a change in accounting policy (see note 37)
Other income	8,736,014	5,795,832	2,940,182	50.73	Income realised more than income anticipated.
Gains on disposal of property, plant and equipment	15,893,380	20,110,000	(4,216,620)	(20.97)	Income derived from landsales lower than income anticipated.
<b>Total Revenue</b>	<b>277,724,947</b>	<b>227,244,506</b>	<b>50,480,441</b>	<b>22.21</b>	
<b>EXPENDITURE</b>					
Employee related costs	75,075,058	75,601,878	(526,820)	(0.70)	
Remuneration of Councillors	4,893,100	4,131,419	761,681	18.44	Increase in councillor's allowances
Bad debts	999,258	5,781,187	(4,781,929)	(82.72)	Provision for bad debt less than the amount budgeted for due to improved debt collection.
Depreciation	18,604,766	22,912,970	(4,308,204)	(18.80)	Depreciation brought to account lower than the amount budgeted for.
Repairs and maintenance	13,710,041	15,015,697	(1,305,656)	(8.70)	
Interest paid on external borrowings	5,351,452	8,880,988	(3,529,536)	(39.74)	Raising of new loans during the year.
Bulk purchases	59,784,449	59,543,859	240,590	0.40	
Contracted services	2,798,307	2,887,960	(89,653)	(3.10)	
Grants and subsidies paid	1,210,338	1,539,110	(328,772)	(21.36)	Lower demand for subsidies from non- profitable organisations
General expenses- other	49,835,206	51,363,232	(1,528,026)	(2.97)	
Loss on disposal of property, plant and equipment	23,448	-	23,448	-	
<b>Total Expenditure</b>	<b>232,285,423</b>	<b>247,658,300</b>	<b>(15,372,877)</b>	<b>(6.21)</b>	
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>45,439,524</b>	<b>(20,413,794)</b>	<b>65,853,318</b>	<b>(322.59)</b>	

**APPENDIX E (2)****SWARTLAND MUNICIPALITY****ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009**

	2009 Actual R	2009 Under Construction R	2009 Total Additions R	2009 Budget R	2009 Variance R	2009 Variance %	Explanation of Significant Variances greater than 10 % versus Budget
Executive and Council	2,858,375		2,858,375	6,211,826	(3,353,451)	(53.98)	Expenditure realised lower than expenditure anticipated.
Finance and Administration	1,673,843		1,673,843	1,893,064	(219,221)	(11.58)	Expenditure realised lower than expenditure anticipated.
Planning and Development	20,796,568	3,390	20,799,958	23,409,687	(2,609,729)	(11.15)	Expenditure realised lower than expenditure anticipated.
Health	-		-	-	-	-	
Community and Social Services	140,611		140,611	188,598	(47,987)	(25.44)	Expenditure realised lower than expenditure anticipated.
Housing	-		-	-	-	-	
Public Safety	285,348		285,348	296,947	(11,599)	(3.91)	
Sport and Recreation	98,645		98,645	626,025	(527,380)	(84.24)	Expenditure realised lower than expenditure anticipated.
Environmental Protection	-		-	-	-	-	
Waste Management	3,545,265	9,800,141	13,345,406	16,900,000	(3,554,594)	(21.03)	Amount budgeted for was not fully spent during the 2008/2009 financial year and was carried over to the new financial year.
Road Transport	3,965,583	2,011,338	5,976,921	7,836,000	(1,859,079)	(23.72)	Expenditure realised lower than expenditure anticipated.
Water	-	1,208,088	1,208,088	1,980,000	(771,912)	(38.99)	Amount budgeted for was not fully spent during the 2008/2009 financial year and was carried over to the new financial year.
Electricity	1,986,410	3,322,502	5,308,912	3,963,055	1,345,857	33.96	Amount budgeted for was not fully spent during the 2008/2009 financial year and was carried over to the new financial year.
Other	-		-	-	-	-	
	<b>35,350,648</b>	<b>16,345,459</b>	<b>51,696,107</b>	<b>63,305,202</b>	<b>(11,609,095)</b>	<b>(18.34)</b>	

**APPENDIX F****SWARTLAND MUNICIPALITY****DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA, 56 OF 2003****Grant and Subsidies Received**

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly expenditure				Grants and Subsidies delayed / withheld				Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of the grant framework in the latest Division of Revenue Act Yes / No
		June	September	December	March	June	September	December	March	June	September	December	March		
Abbotsdale Housing Project	Provincial Department of Housing	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes
Cleanest Town	Provincial Department of Environmental Affairs and Development Planning	-	-	-	60,000	-	-	-	-	-	-	-	-	None	Yes
Community Development Workers	Provincial Department of Local Government	-	-	-	48,000	9,058	14,621	18,921	7,463	-	-	-	-	None	Yes
Darling Pedestrian Route	Provincial Department of Transport and Public Works	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes
Disaster Fund	National Department of Provincial and Local Government	-	-	-	1,781,913	838,677	3,500	14,086	23,763	-	-	-	-	None	Yes
Moorreesburg/ Chatsworth															
Drought Relief	National Department of Provincial and Local Government	-	-	-	-	1,518,828	-	-	-	-	-	-	-	None	Yes
Electricity: Phola Park	National Department of Minerals and Energy	-	-	-	-	562,460	-	-	-	-	-	-	-	None	Yes
Electricity: Riebeeck Kasteel/ Kalbaskraal	Eskom	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes
Local Government Financial Management Grant	National Treasury	-	500,000	-	-	322,465	162,175	134,866	3,753	-	-	-	-	None	Yes
Housing Consumer Education Grant	Provincial Department of Housing	55,000	-	-	70,000	41,034	2,383	400	-	-	-	-	-	None	Yes
Housing Darling	Provincial Department of Housing / National Department of Minerals and Energy	-	4,276,745	3,648,241	4,961,826	5,696,799	3,070,648	4,603,562	410,496	-	-	-	-	None	Yes
Chatsworth: Transfer Fees	Provincial Department of Housing	100,000	-	-	-	64,304	23,778	17,181	-	-	-	-	-	None	Yes

**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA, 56 OF 2003 (continued)**

[illegible]

**APPENDIX F****SWARTLAND MUNICIPALITY****DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA, 56 OF 2003 (continued)****Grant and Subsidies Received**

Name of Grants	organ of state or	Quarterly Receipts				Quarterly expenditure				Grants and Subsidies delayed / withheld				delay/	Did your
		June	September	December	March	June	September	December	March	June	September	December	March		Yes / No
Riebeeck Kasteel Non Motorised Transport	Provincial Department of Transport and Public Works	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes
Riebeeck Wes Koinonia Housing Project	Provincial Department of Housing	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes
Riverlands/Chatsworth Sport	Provincial Department of Cultural Affairs and Sport	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes
Soup Kitchen	West Coast District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes
Spatial Development Framework	Provincial Department of Environmental Affairs and Development Planning	-	-	-	-	169,756	-	-	15,000	-	-	-	-	None	Yes
Upgrading: Polla Park	Provincial Department of Housing	-	-	-	-	-	-	-	-					None	Yes
Vuna Award	DBSA	-	-	2,114,772	-	304,188	105,276	-	172						
Proclaimed Roads Subsidy	Provincial Department of Transport and Public Works	-	-	-	136,000	-	-	-	-	-	-	-	-	None	Yes
<b>Total</b>		<b>255,000</b>	<b>4,891,758</b>	<b>10,201,026</b>	<b>9,849,603</b>	<b>10,312,503</b>	<b>6,670,307</b>	<b>8,088,731</b>	<b>767,773</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		

**\* Reasons for non- compliance**

No expenditure was incurred in this financial year. The funding will be utilised in the next financial year.